

CITY OF CADILLAC MICHIGAN



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003



City Officials

Legislative

Mayor	Ronald J. Blanchard
Mayor Pro-Tem	Gordon Baas
Councilmember	James Dean
Councilmember	Scott Reagan
Councilmember	Arthur Stevens

Administrative

City Manager	Peter D. Stalker
Deputy City Manager and Director of Finance	Dale M. Walker
Assistant City Manager and Downtown	
Development Authority Director	Precia Emmons
Director of Public Utilities	Larry Campbell
Director of Public Safety	Jeff Hawke
Director of Public Works	Robert Johnson
City Engineer	Bruce DeWitt
City Clerk/Treasurer	Janice Nelson
City Attorney	McCurdy and Wotila, P.C.

CITY OF CADILLAC MICHIGAN



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For the Fiscal Year Ended June 30, 2003

Dale M. Walker
Director of Finance

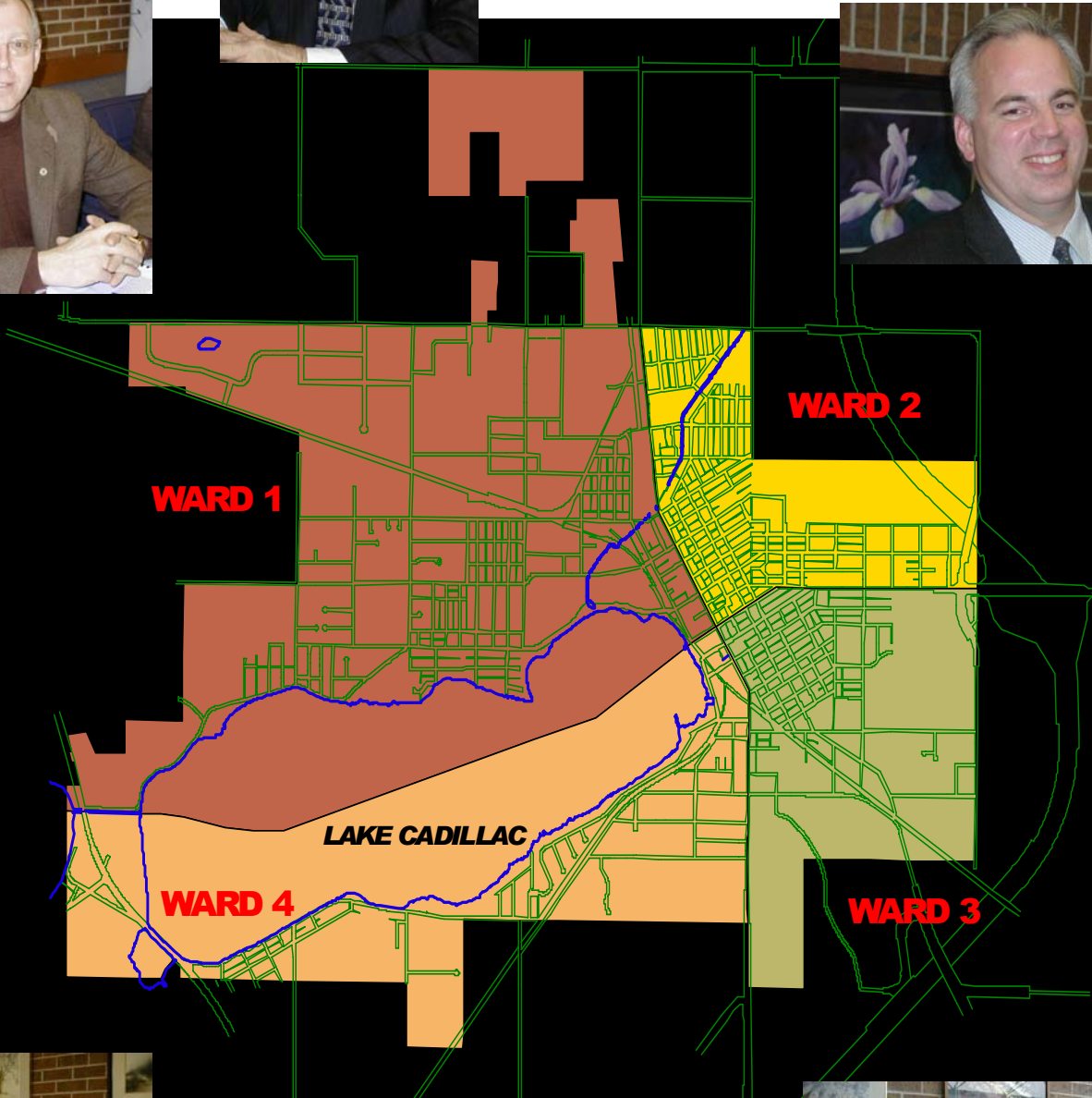
Gordon Baas, Mayor Pro-Tem
Councilmember from Ward 1
Population of ward: 3,350
Occupation: Probation Officer
Term Expires: 12/31/03
Annual Salary: \$2,400



Mayor Ronald J. Blanchard
Councilmember from City at large
Population of City: 10,000
Occupation: Retired Businessman
Term Expires: 12/31/03
Annual Salary: \$3,600



Councilmember Tom Dyer
Councilmember from Ward 2
Population of ward: 2,543
Occupation: Manufacturing
Term Expires: 12/31/05
Annual Salary: \$2,400



Councilmember James Dean
Councilmember from Ward 4
Population of ward: 2,227
Occupation: Manufacturing
Term Expires: 12/31/05
Annual Salary: \$2,400



Councilmember Art Stevens
Councilmember from Ward 3
Population of ward: 1,880
Occupation: Financial Advisor
Term Expires: 12/31/03
Annual Salary: \$2,400



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Introductory



December 29, 2003

To the citizens of the City of Cadillac:

The comprehensive annual financial report of the City of Cadillac for the fiscal year ended June 30, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Baird, Cotter and Bishop, P.C., was selected once again this year to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2003, are free of material misstatement. The firm concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cadillac's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with generally accepted accounting principles (GAAP).

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules. This year's financial section also includes, in accordance with GAAP, a narrative introduction, overview, and analysis to accompany the basic financial statements called Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on an annual basis.

PROFILE OF GOVERNMENT

The City of Cadillac was incorporated in 1877, and serves as the county seat of Wexford County. It is located in beautiful Northern Michigan and boasts of the ability to provide "four seasons of fun" to travelers. The City occupies nearly 9 square miles, which includes a lake that is entirely within City limits. The City operates under a council-manager form of government, and was one of the first municipalities in the State of Michigan to do so. The City Council consists of four council-members and a mayor. The council-members are elected on a non-partisan basis to four-year terms based on four districts within the City. The mayor is elected to serve a two-year term on an at-large basis.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City is financially accountable for the Cadillac Building Authority, the Downtown Development Authority, the Local Development Finance Authority, the Economic Development Corporation, the Brownfield Redevelopment Authority and the Policemen and Firemen Retirement System; therefore, these activities are included in the reporting entity. However, the Wexford County Airport Authority, the Cadillac Area Public School District, the Cadillac-Wexford Transit Authority, and the Cadillac Housing Commission have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Management of the City of Cadillac is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonability recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

The City of Cadillac maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council. All activities of the City are budgeted and included in the annual appropriation budget in compliance with the State of Michigan P.A. 621. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control for all transfers for the budget amounts within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level. The budget is approved by the city council annually by ordinance and amended by resolution quarterly as needed.

ECONOMIC CONDITION AND OUTLOOK

The economic condition in Cadillac continues to improve, along with that of the national economy. Michigan as a whole is somewhat lagging in this recovery after two years of recessionary trends. However, Cadillac's experience is running contrary to the course that Michigan is experiencing, with a much quicker recovery. Requests for industrial facilities tax abatements are up significantly over the prior two years, and also a number of local manufacturers are embarking on significant expansion projects. Four Winns has not only returned to full employment after suffering through the bankruptcy of its parent company, Outboard Marine Corporation, but also is adding positions. Additionally, a significant expansion employing new technology in the marine industry is planned for the Four Winns current site, with the potential to add a cruiser division on property in the new industrial park. BorgWarner has recently announced plans for an expansion, and AAR Mobility Systems is embarking on a significant expansion as well. Cadillac is fortunate to be experiencing this type of growth at a time when other local communities throughout the state are still experiencing plant closings.

Cadillac's strength and stability rests on the diversity of the local economic base. This diversity is spread through the industrial, commercial, and tourist sectors, which provides an extremely solid foundation for the community's overall economic well-being. We are currently benefiting from this diversity as evidenced by the current plant expansions. However, the foundation that our local economy is based upon must be maintained, and to this end, much activity has occurred during this past year in an attempt to appropriately position the community for future growth.

MAJOR INITIATIVES

Proper planning is key to managing growth. Accordingly, the various projects that have been completed this past year are planned for and coordinated through the development of an annual capital improvement budget program, and also through the City's master plan. The master plan for the City of Cadillac was updated this past year, as was the master plan for Wexford County. Since these two plan documents were under review at the same time, the City of Cadillac took advantage of this unique opportunity, and worked closely with the County through the adoption of their plan to ensure that the City's plan was properly coordinated with the County.

Additionally, the City of Cadillac was very pleased to participate in Governor Granholm's statewide planning effort with regard to general land use issues through the formation of a Land Use Leadership Commission. This commission has issued its final report, which focuses much attention on the prevention of urban sprawl. The City of Cadillac has been employing these types of concepts in its planning activities for a number of years, and thus, it is very reassuring to see the State adopt these same types of planning principles.

Efforts continue to address various issues associated with the downtown Cadillac area, as a result of the US-131 bypass project being completed. A new way-finding signage program was completed this year with 18 new signs being installed in and around the community. The purpose of this program is to make it easier for the traveling public to find the principal shopping district in Cadillac. Additionally, significant efforts have been expended in the retention and recruitment of new businesses to the downtown area. It is important to note that during this past year the downtown area experienced many more openings as compared to closings by a ratio of two to one. These efforts blend very appropriately with an executive order from Governor Granholm related to her land use strategy, which directs State departments to focus the construction of new State facilities in core urban areas. Along these lines, the City of Cadillac and the Cadillac Downtown Fund continue to work closely with the local Michigan Department of Transportation Service Center and the local transit authority in an attempt to retain these facilities in the core downtown area, or relocate them to other appropriate urban settings. Also related to improvements in the downtown, the Cadillac Downtown Development Authority has issued a Request for Qualifications to undertake a comprehensive study of the downtown area, focusing on improving the principal shopping district with emphasis on increased pedestrian safety and movement.

The community's focus on the development of additional residential properties continued during this past year with the annexation of over 250 acres of property via P.A. 425 agreements. One of these properties has recently been approved for the development of a mixed-use PUD project which will allow for the creation of over 300 residential sites. This mixed-use development will include a blend of manufactured housing with apartments and condominiums. From a historical perspective, this level of property annexation is unprecedented.

The City of Cadillac continues to plan for the continued expansion of the local industrial base as well. To this end, the new James E. Potvin Industrial Park has witnessed its first tenant with the construction of Piranha Hose. Piranha is a specialty rubber hose manufacturer, with the potential to add a significant number of employees over the next few years. The Cadillac Industrial Fund also embarked on the development of a spec building in the new park, in an attempt to attract new employment as quickly as possible so that a State loan for the construction of the park can be converted to grant dollars. This building is 20,000 square feet in size, and can be readily expanded to 40,000 square feet if needed. Even though the Cadillac area has what is viewed as a fairly significant unemployment rate, there is growing concern with regard to the availability of future employees in the area, based upon the number of plant expansions that have occurred or are planned for the near future. To this end, the Cadillac Industrial Fund and the City of Cadillac will be addressing labor issues in the coming year in an attempt to fully define the labor pool, and identify any skill based shortcomings in the labor market which can be addressed through cooperative training programs in concert with State agencies.

The Cadillac Wastewater Treatment Plant witnessed major improvements over this past year as well. A number of new pieces of equipment were added, with the most important one being the addition of an ultra violet light treatment system. This system represents cutting edge technology, and will replace the use of gaseous chlorine as a part of the final tertiary process. This is very important not only from a treatment standpoint, but also from a safety perspective, due to the risks associated with the chlorine. We are very pleased as a community to remove chlorine from our operation.

A significant milestone was reached this year with regard to the operations of the Cadillac Local Development Finance Authority for the groundwater treatment system. There have been a number of challenges to the legality of the special assessment which allows for the collection of the necessary operational funds for this program. While the City of Cadillac has received favorable rulings at the Michigan Tax Tribunal in the past regarding these challenges, there have always been a number of open appeals. This year saw the resolution of the final challenge, and therefore, for the first time since its inception, the LDFA operating budget is secure with clearly demonstrated support from the tax tribunal for the special assessment which is necessary to fund this operation.

The City continues with the implementation of a fully integrated geographic information system. This technology is proving to be invaluable as the City continues to plan for future activities in all departments. The City also has developed a Request for Proposals for new software in the Finance Department, and this software will be integrated with all other activities.

Finally, significant attention was placed on the development of a number of local facilities specific to tourism and recreation during this past year with the construction of Phase II of the Clam River Greenway Project, a complete reconstruction of the Kenwood Boat Launch Facility, and the installation of a first-rate disc golf course in Kenwood Park. River restoration activities continue to be a focal point of our efforts in this regard, and Phase III for the Clam River Greenway is planned for next year.

This past year was also an excellent year from the standpoint of grant procurement for the City of Cadillac. The community has had to rely on outside grant funding at an ever-increasing level due to the changes in State funding in Michigan. The Cadillac staff continues to aggressively pursue and procure various state and federal grants where appropriate.

FUTURE OUTLOOK

The City of Cadillac, like many other municipalities throughout the state of Michigan has witnessed the permanent restriction of its revenue stream due to State initiatives such as Proposal A and other tax limiting legislation. These factors will continue to affect the revenue stream of the City of Cadillac for many years to come. Cadillac will experience a loss of more than \$600,000 this year alone, which is solely attributable to the affects of Proposal A. This, when coupled with the economic slow down currently impacting the country as a whole, requires that municipalities must carefully plan for activities to ensure that those municipal services provided are as cost effective and efficient as possible.

Related to concerns associated with various revenue streams, the City of Cadillac embarked on a very unique and comprehensive analysis during the past year of all revenue streams for the community. This study reviewed revenue received by the City between the years of 1990 and 2003. Even though Cadillac is a very successful and growing community, this revenue report indicated that virtually in all cases when adjusted for inflation, the revenue stream is simply not keeping up with the cost of living. Again, this scenario has been created by various State initiatives, and it is only now becoming apparent to the decision makers in Lansing that the current financing mechanism for municipalities in Michigan is flawed, and will need to be addressed in the future. This fact is evidenced by a number of large municipal governments experiencing severe financial concerns, leading to State intervention in two separate cases. The City of Cadillac is fortunate that it has been proactive in addressing these reductions in revenue, but if long-term core municipal services are to be maintained by all municipalities, changes will need to be made at the state level with regard to how local communities are financed. Cadillac has positioned itself well to continue to provide quality public services while this matter is debated at the state level.

Based upon the continued uncertainty of local revenue streams, the City of Cadillac has initiated a number of cost cutting/saving measures to prepare for the future. First and foremost, the City must continue to appropriately plan for future growth. Various planning activities are currently underway that are focused on proper growth management. One of these activities incorporates the concept of urban growth boundaries. This approach to planning for the expansion of municipal utility systems utilizes growth management as a core principle, and attempts to encourage participants to focus on where new growth should occur, as compared to growth at any cost. Once this growth area is properly identified, then a well-defined utility expansion plan can be developed to appropriately service these areas. Equity in taxation and tax sharing must be built into any type of an urban growth boundary discussion, not only from a proper planning standpoint, but also due to the extreme financial pressures that all municipalities are currently facing in Michigan. The City has been instrumental in developing discussion along these lines, and continues to support this concept as a planning tool.

The City of Cadillac also continues to incorporate the concept of new urbanism into its planning activities. Many core municipalities have begun to analyze existing approaches to planning through this concept, which encourages municipalities to review the strengths of their local community and then focus on developing these strengths from a land use perspective. Density is a key component of this concept. Additionally, the City of Cadillac is pleased to recognize a new code that was recently adopted by the State of Michigan which focuses on changes to the existing building code to allow for more appropriate redevelopment of preexisting urban properties. This new rehabilitation code will be of great assistance to many municipalities throughout the state, and the City of Cadillac is currently preparing for the development of an educational program in the coming year so that existing property owners in our urban area are aware of the benefits of this new code.

Specific steps have also been implemented within the municipal organization in an attempt to properly prepare for the future. Reductions in staff have been made in the Police Department with the elimination of the community services officer and also in the general Administration Department with the reduction of one clerical position. The youth services officer position, which was removed from the budget process at the beginning of this fiscal year, has since been reinstituted due to a new cooperative cost sharing arrangement with the Cadillac Area Public School system. The schools have recognized the importance of this position, and are a strong funding partner with the City for this continued position. After approximately five years of downsizing in the municipal labor force through attrition and retirement, the City of Cadillac is now at the point where any additional cuts in manpower will result in the visible elimination of services. Thus, from this perspective, the City of Cadillac must continue to be extremely diligent with regard to providing services in the most efficient manner possible, while at the same time safeguarding the existing revenue streams that support core municipal services. The City of Cadillac believes that through the implementation of the various initiatives discussed previously, the community can be properly positioned for controlled and positive growth in the coming years.

OTHER INFORMATION

Debt Administration: At June 30, 2003, the City had a number of debt issues outstanding. These issues included \$890,000 of general obligation bonds, \$1,075,000 of special assessment debt, and \$963,000 of other long-term debt. Cadillac has obtained a bond rating of an A- from Standard and Poor's for its general obligation issues and a rating of BBB+ for the revenue bonds. The City also received a rating of Baal from Moody's Investors Service for the revenue bond issues. The net bonded debt per capita equaled \$88.33, which decreased from the 2002 figure of \$97.19.

Cash Management: Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The investments follow the investment policy set by the City Council to maximize the return but at a reduced risk and concern for liquidity. Interest earned on idle funds decreased dramatically from \$648,743 in 2002 to \$398,816 in 2003. This represents a loss in interest revenue of \$249,927. The decrease is primarily due to declining interest rates and the variability of the idle funds to invest.

Risk Management: The City of Cadillac renegotiated an agreement with its current liability carrier. This arrangement allows the City to control insurance costs and safeguard against large single-year rate increases that can occur as a result of poor claims experience. However, aggressive risk control strategies, including an active safety training program and a recently adopted sidewalk inspection program have been employed to minimize losses and place the City in a favorable renewal posture. The City reviews its liability rates annually in order to secure the highest level of service at the most competitive rate.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cadillac for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual appropriation budget dated June 30, 2004. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. This award has been received nineteen consecutive years.

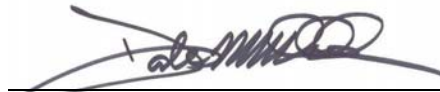
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,



PETER D. STALKER,
CITY MANAGER



DALE M. WALKER,
DIRECTOR OF FINANCE

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cadillac,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

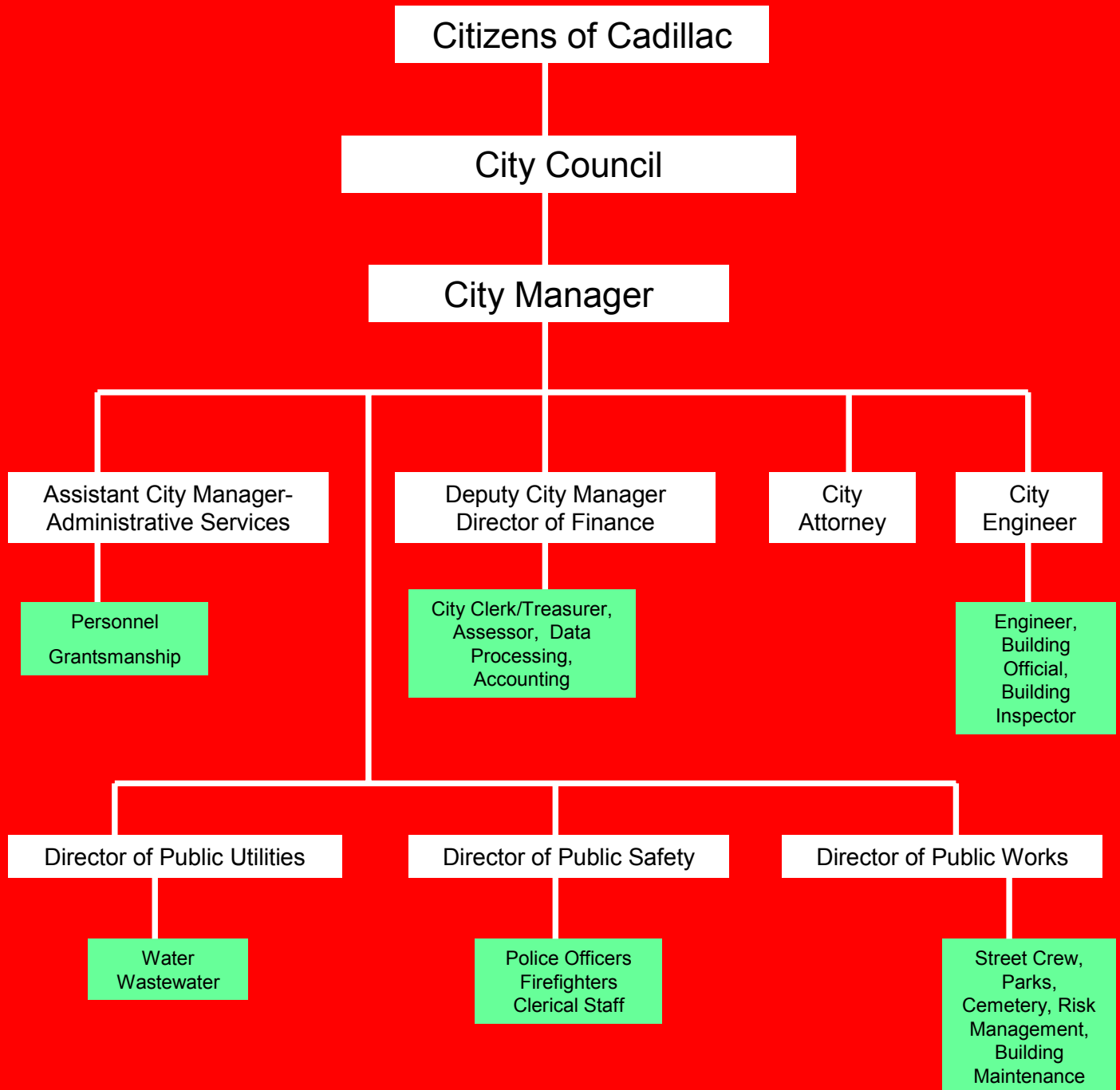


President

Executive Director

City of Cadillac

Chart of Organization



Financial



Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

September 11, 2003

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Cadillac, Michigan

We have audited the accompanying basic financial statements of the City of Cadillac, Michigan, as of and for the year ended June 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the City of Cadillac, Michigan's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Cadillac, Michigan, as of June 30, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the City has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* as of July 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2003, on our consideration of the City of Cadillac, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages iii through xiv and budgetary comparison information on page 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cadillac, Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Management's Discussion and Analysis

The management of the City of Cadillac, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the City exceeded its liabilities at the close of this fiscal year by \$46.7 million (shown as *Net Assets*), representing an increase of \$1.2 million over the previous fiscal year. Governmental Funds represented nearly \$1 million of this increase, while Business-Type activities accounted for approximately \$0.2 million of the increase.

Fund Level Financial Highlights

- ❖ As of June 30, 2003, the governmental funds of the City of Cadillac reported combined ending fund balances of \$5,580,196, of which \$3,123,110 is unreserved.
- ❖ The unreserved fund balance of the City's General Fund increased this year to \$984,548, or 18% of total general fund expenditures.

Long-Term Debt

- ❖ The City of Cadillac's total debt **decreased** by \$353,000 during the fiscal year.

Overview of the Financial Statements

The City of Cadillac's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements For the first time, this report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the City's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information about the City as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the Net Assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an

improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the City include water and sewer utility services, an auto parking activity as well as the operation of a Building Authority.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The City's major Governmental Funds include the General Fund, Major Street Fund, and Local Street Fund. The major Proprietary Funds include the Water & Sewer Fund and the Building Authority Operating Fund. Presentation of major funds can be found on pages 71-109 of this document.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Cadillac uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the City include the General Fund as well as the special revenue, capital project, debt service and permanent funds.

Proprietary Funds Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has three enterprise funds, which are the Water and Sewer Fund, the Auto Parking Fund, and the Building Authority Operating Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the City. These funds allow the City to allocate costs of centralized services such as the City's vehicle fleet and data processing services. The City has four internal service funds, including the Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

Component Units The City's Comprehensive Annual Financial Report includes reporting on separate legal entities for which the City has some level of financial responsibility. These funds are shown in a separate column. The City's component units include the Downtown Development Authority, the Downtown Development Authority Capital Projects, the Local Development Finance Authority Operating, Debt Retirement and Utilities Funds, the Brownfield Redevelopment Authority Fund, and the Economic Development Corporation.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on Page 26 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on page 70 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the City's financial position over time. The Net Assets of the City are \$33.3 million at June 30, 2003, meaning that the City's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

City of Cadillac
Net Assets as of June 30, 2003
(in millions of dollars)

	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 7.6	\$ 5.7	\$ 13.3
Capital Assets	13.9	19.5	33.4
Total Assets	\$ 21.5	\$ 25.2	\$ 46.7
Long-term liabilities	\$ 2.3	\$ 9.2	\$ 11.5
Other liabilities	1.0	1.0	2.0
Total Liabilities	\$ 3.3	\$ 10.2	\$ 13.5
Net Assets			
Invested in capital assets			
net of related debt	\$ 11.0	\$ 10.1	\$ 21.1
Restricted	1.0	2.0	3.0
Unrestricted	6.2	3.0	9.2
Total Net Assets	\$ 18.2	\$ 15.1	\$ 33.3

The most significant portion of the City's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City has \$9.2 million in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net assets of the City increased \$1.2 million in this fiscal year, which is a good indicator that the City experienced positive financial growth during the year. As a result, the City ended the fiscal year in better condition than when the year started.

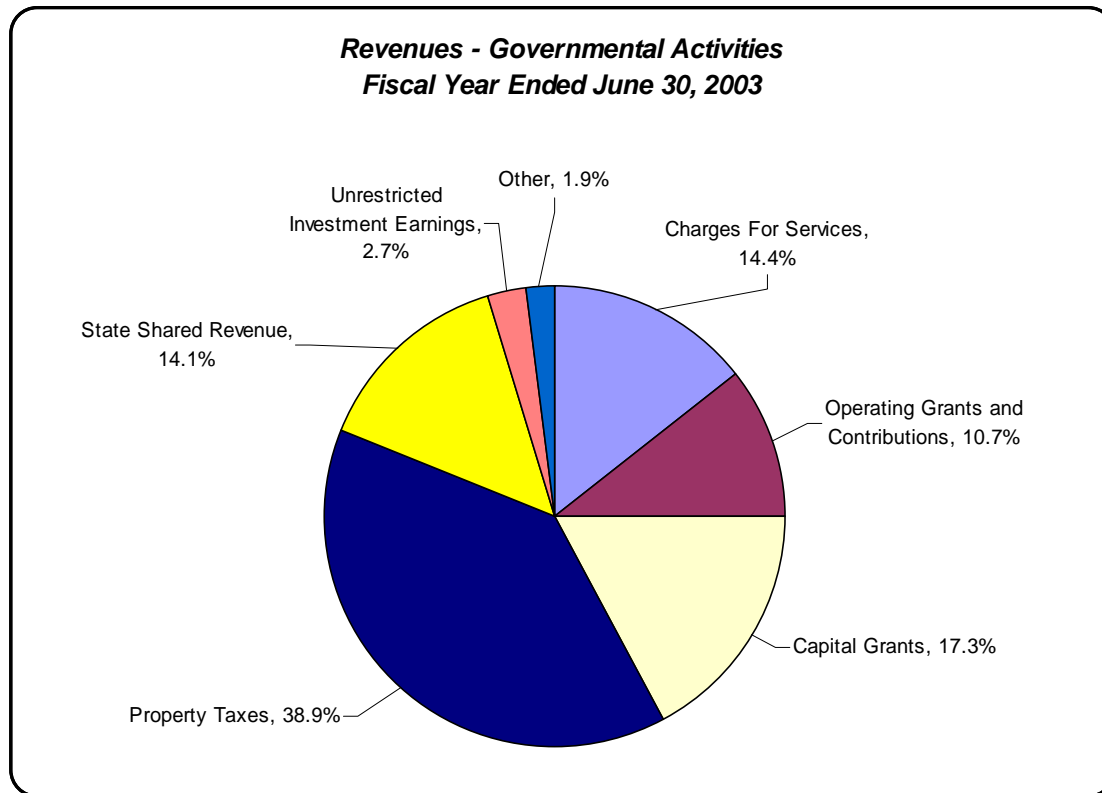
The following table illustrates and summarizes the results of the changes in the Net Assets for the City. The condensed information was derived from the government-wide Statement of Activities.

City of Cadillac
Change in Net Assets
for the Fiscal Year Ended June 30, 2003
(in millions of dollars)

	Governmental Activities	Business-Type Activities	Total Primary Government
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 1.2	\$ 3.3	\$ 4.5
Operating Grants and Contributions	0.9		0.9
Capital Grants	1.4		1.4
General Revenues			
Property Taxes and Assessments	3.2		3.2
State Shared Revenue	1.2		1.2
Unrestricted Investment Earnings	0.2		0.2
Other	0.2		0.2
Total Revenues	\$ 8.3	\$ 3.3	\$ 11.6
<u>Expenses</u>			
General Government, Administrative	\$ 1.3		\$ 1.3
Public Safety	2.6		2.6
Public Works	2.2		2.2
Recreation and Culture	0.5		0.5
Redevelopment and Housing	0.2		0.2
Economic Development and Assistance	0.1		0.1
Intergovernmental Expenditures	0.1		0.1
Interest on Long-Term Debt	0.1		0.1
Water and Sewer		\$ 3.2	3.2
Automobile Parking System		0.1	0.1
Building Authority Operating		0.1	0.1
Total Expenses	\$ 7.1	\$ 3.4	\$ 10.5
Changes in Net Assets Before			
Contributions and Transfers	\$ 1.2	\$ (0.1)	\$ 1.1
Transfers In (Out)	(0.2)	0.3	0.1
Increase in Net Assets	\$ 1.0	\$ 0.2	\$ 1.2
Beginning Net Assets	\$ 17.3	\$ 14.8	\$ 32.1
Ending Net Assets	\$ 18.3	\$ 15.0	\$ 33.3

Governmental Activities

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended June 30, 2003:

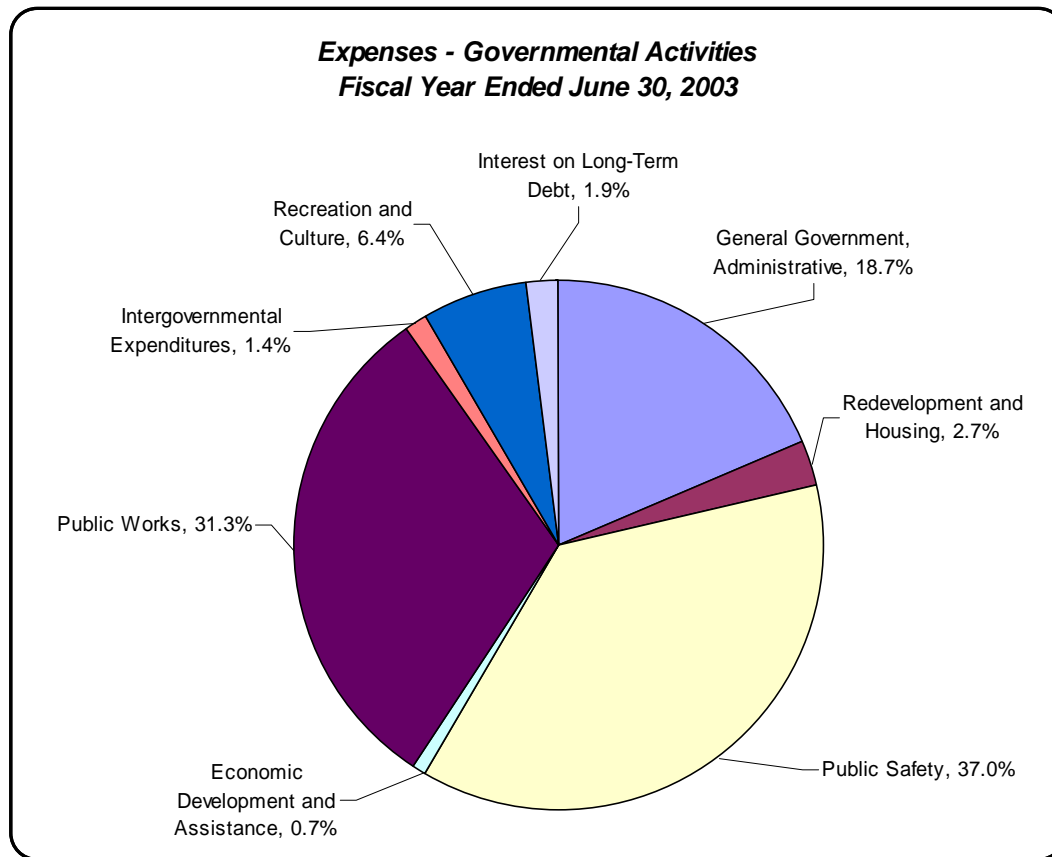


The most significant portion of the revenue for all governmental activities of the City of Cadillac comes from Property Taxes (38.9%). This figure includes property tax levies as well as assessments on properties that are used for debt service on the City's special assessment debt. The City's operating millage remained the same in 2003 at 13.9473 mills. The City's charter allows the City to levy up to 15 mills for operations. Due to State statutes, the City is currently at its maximum tax levy, and is unable to increase the millage without the approval of the voters.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2003, the amount of state shared revenue received by the City trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

Capital Grants represents grant dollars, whether federal, state, or local, that the City has secured in order to assist in capital asset construction and infrastructure improvement within the City. During this fiscal year, these grants helped the City with the construction of the Clam River Greenway path, the White Pine Bike Trail, the Downtown Gateway Project as well as the expansion of the James E. Potvin Industrial Park.

The following chart depicts expenses of the governmental activities of the City for the fiscal year ended June 30, 2003:



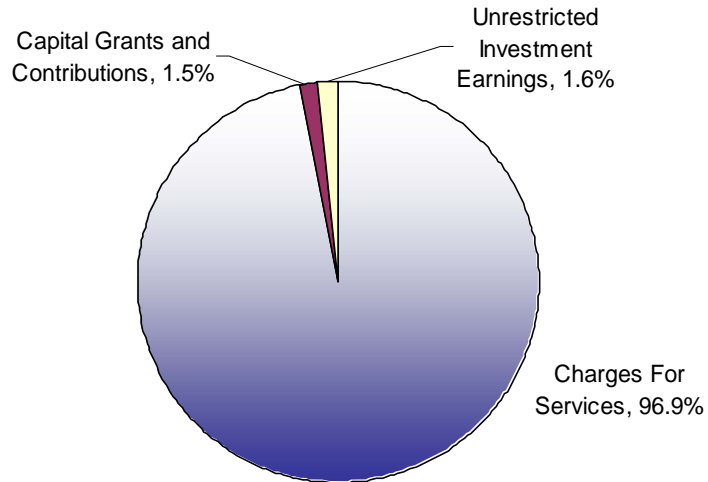
The City's governmental activities expenses are dominated by the Public Safety expenses that total 37.0% of total expenses. The City spent \$2.6 million in FY2003 on Public Safety. Public Works represented the next largest expense at \$2.2 million, or 31.3% of total expenses within the governmental activities. Expenses in the Major Street Fund (\$1.0 million) and Local Street Fund (\$841,202) represent a majority of the Public Works expenditures.

Business-Type Activities

The following charts illustrate some of the revenue and expense activity within the City's business-type activities. These activities accounted for an increase of \$242,853 in the City's Net Assets, or about 20% of the total growth in the City's net assets for the fiscal year ended June 30, 2003.

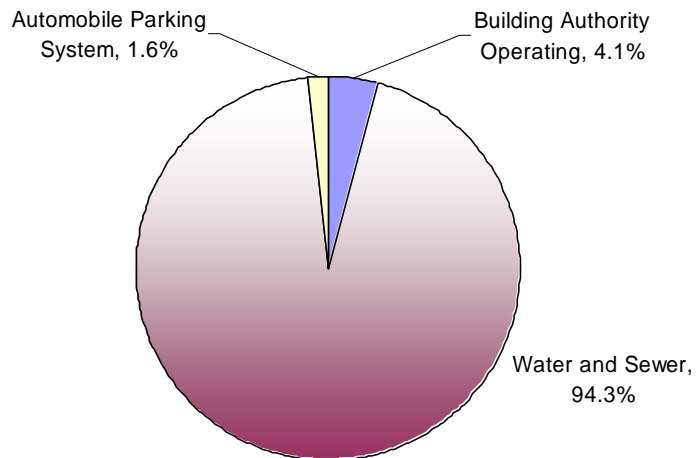
The Business-Type activities of the City include the Water and Sewer Fund, which provides water and sewer utility services to City residents as well as commercial customers, The Auto Parking Fund, which maintains City-owned parking lots, and the Building Authority Operating Fund, which manages the operation of a commercial office facility, currently being rented by the Michigan Department of Environmental Quality.

Revenues by Source - Business Type Activities
Fiscal Year Ended June 30, 2003



The Water and Sewer activity represents a significant portion of the business-type activities of the City. This activity accounts for 94.3% of the total expenses and 92.8% of the total revenue of the business-type activities.

Expenses by Function - Business Type Activities
Fiscal Year Ended June 30, 2003



Financial Analysis of the Government's Funds

Governmental Activities At the completion of the City's fiscal year ended June 30, 2003, its governmental funds reported fund balances of \$5,580,196. Of this amount, \$3,123,110, or 56% is unreserved. This amount includes \$364,000 designated for street improvements, \$853,253 designated for working capital, and \$111,789 designated to cover sick and vacation time that has accrued on behalf of the City's employees but has not yet been taken. An additional \$1,774,291 of unreserved and undesignated fund balance exists in the City's Special Revenue funds. The remaining \$2,457,086 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the City. The General Fund increased its fund balance in this fiscal year by \$426,076, bringing the balance to \$1,138,710. Unreserved fund balance increased by \$326,874. All of the General Fund's major functions with the exception of Public Safety ended the year with expenditures below appropriated amounts. An increase in retirement contribution rates for the Police and Fire Retirement system and the unexpected replacement of a police patrol vehicle after an accident accounted for the overage. Interest income for the General Fund was reduced by \$47,133, or 52.4% due to current market conditions producing reduced rates of return. The City renewed its contract with Northflight Ambulance Service, producing an additional \$56,250 in revenue. Property tax revenues in the General Fund increased \$246,861 in 2003, an increase of 8.4%. State shared revenue decreased by \$121,848 from the amount received in the previous fiscal year, representing a 9.5% reduction which resulted from State actions in response to the economic slowdown experienced throughout the State.

Major Street Fund – The Major Street Fund completed \$582,424 in street improvements in this fiscal year. Major projects included Bond Street, River Street, and Chapin Street. A significant portion of these costs were offset by Federal grants. Revenues from Federal Construction Grants totaled \$438,609. The fund balance of the Major Street Fund ended the year at \$323,215. This was a reduction of \$81,400 from the previous year. The City used funds accumulated from previous years in order to complete this year's projects.

Local Street Fund – The Local Street Fund completed \$513,986 in street construction and improvements in this fiscal year. The major share of this amount came from the James Potvin Industrial Park Expansion Project, which accounted for \$353,632 in construction costs. The first phase of this project has now been completed. In addition to this project, the Local Street Fund also funded the improvement of the Kenwood Beach Boat Launch. The fund balance of this fund is at \$1,010. The expenditures of the Local Street Fund exceeded appropriations this fiscal year in the amount of \$438,797. While this amount is significant, it is mainly the result of construction of streets in the new James Potvin Industrial Park, as stated above, which was completely funded with grant dollars.

Proprietary Funds The City's proprietary funds provide virtually the same information as the government-wide statements, however more detail may be found in the fund financial statements.

Water and Sewer Fund – The Water and Sewer Fund ended this fiscal year with \$3,104,514 in unrestricted net assets. All Water and Sewer rates were increased by 3% for this fiscal year. However, due to decreased usage the total operating revenues of the fund decreased from \$3,048,556 in FY2002 to \$3,036,846 in 2003. This fund experienced a decrease in interest income of \$229,918, or 81.8% from the previous fiscal year. However, the net assets of the fund still increased by \$136,053. This fund is in sound fiscal condition moving forward.

Building Authority Operating Fund – The Building Authority Operating Fund saw its net assets increase in this fiscal year by \$51,356. Rental income from the Michigan Department of Environmental Quality totaled \$195,870, which holds steady from year to year in accordance with the City's lease with the State of Michigan.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for the governmental and business-type activities as of June 30, 2003 amounted to \$33,451,081 (net of accumulated depreciation). Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life of over one year. The City has invested in a broad range of capital assets, as detailed below:

City of Cadillac Capital Assets as of June 30, 2003

	Governmental Activities	Business-Type Activities	Total Primary Government
Land and Land Improvements	\$ 3,266,510	\$ 814,760	\$ 4,081,270
Infrastructure	12,257,937		12,257,937
Buildings	4,100,569	2,627,662	6,728,231
Improvements other than Buildings		25,108,306	25,108,306
Machinery and Equipment	3,265,750	1,251,442	4,517,192
Subtotal	\$ 22,890,766	\$ 29,802,170	\$ 52,692,936
Construction in Progress		551,632	551,632
Accumulated Depreciation	(8,974,442)	(10,819,045)	(19,793,487)
Net Capital Assets	\$ 13,916,324	\$ 19,534,757	\$ 33,451,081

Major capital asset events during FY2003 included the following:

- The East Side Sewer Project was completed in 2003 at a cost of \$1,580,627.
- A number of street improvement projects were completed, including Bond Street, River Street and Chapin Street. Over \$900,000 of street construction and improvement took place in this fiscal year.
- The expansion of the City's wastewater treatment plant was begun. Construction in progress on the plant at June 30, 2003 was \$537,147.
- The boat launch at Kenwood Beach was improved at a cost of \$61,863.
- Two patrol cars were replaced at a total cost of \$40,577.
- One underbody plow truck was replaced at a cost of \$86,634.

Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on pages 40-42.

Long-Term Debt. As of June 30, 2003, the City had total bonded debt outstanding of \$12,683,000. Of this amount, \$883,251 comprises debt backed by the full faith and credit of the City, while \$1,075,000 is special assessment debt for which the City is liable only in the event of default by the property owners subject to assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources. The majority of the revenue bonds are from the Water and Sewer Fund (\$8,305,000), which are backed by revenues from the Water and Sewer system and have been used to finance major capital projects within the Water and Sewer systems.

***City of Cadillac Outstanding Debt
General Obligation and Revenue Bonds
as of June 30, 2003***

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	\$ 890,000		\$ 890,000
Special Assessment Debt with governmental commitment	1,075,000		1,075,000
Contracts and Notes	963,000		963,000
Revenue Bonds		9,755,000	9,755,000
Total	<u>\$ 2,928,000</u>	<u>\$ 9,755,000</u>	<u>\$ 12,683,000</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$211,591,358 is \$21,159,136, which is significantly in excess of the City's outstanding general obligation debt of \$890,000.

The City issued no new debt in FY2003, and the total debt decreased from \$13,036,000 at June 30, 2002, a reduction of \$353,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on pages 46-54.

Economic Condition and Outlook

The City saw its unemployment rate increase this year to 9.8%, from 8.3% one year ago. This continues to be above the statewide unemployment rate of 7.1%, up from 6.2% last year. This represents a trend that the City will have to continue to monitor in preparing for future budget years. The City issued 10 new IFT abatements in this fiscal year, representing \$3,521,226 in new investment in the City's industrial sector which shows that this sector is once again expanding. This investment also represents new job creation which will have a positive effect on the local unemployment rate.

More information regarding the economic outlook of the City can be found in the Transmittal Letter on pages I-IX of this document.

Contacting the City's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the City's finances and demonstrate the City's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Cadillac, Finance Director, 200 N. Lake Street, Cadillac, MI 49601, or call us at (231) 775-0181.

CITY OF CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2003

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
Cash	\$ 623,783	\$ 116,487	\$ 740,270	\$ 213,173
Investments	4,531,516	2,707,202	7,238,718	3,088,412
Receivables				
Taxes	7,412	0	7,412	171
Accounts	132,561	226,253	358,814	2,358
Unbilled Services	0	245,171	245,171	0
Cylinder Deposits	0	10,500	10,500	0
Mortgages and Notes	396,478	0	396,478	0
Accrued Interest	102,036	31,364	133,400	30,597
Special Assessments	922,713	0	922,713	0
External Parties (Fiduciary Funds)	108,869	0	108,869	0
External Parties (Agency Funds)	10,769	5,077	15,846	73
Internal Balances	27,364	(27,364)	0	0
Due from Component Units	29,815	408	30,223	0
Due from Primary Government	0	0	0	38,793
Due from Other Governments	454,835	50,000	504,835	0
Inventory, At Cost	37,638	182,299	219,937	0
Prepaid Expenses	190,288	41,505	231,793	15
Total Current Assets	\$ 7,576,077	\$ 3,588,902	\$ 11,164,979	\$ 3,373,592
<u>RESTRICTED ASSETS</u>				
Investments				
Bond Reserve Account	\$ 0	\$ 1,464,203	\$ 1,464,203	\$ 0
Bond Replacement Account	0	410,711	410,711	0
Total Restricted Assets	\$ 0	\$ 1,874,914	\$ 1,874,914	\$ 0
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	\$ 3,266,510	\$ 814,760	\$ 4,081,270	\$ 0
Infrastructure	12,257,937	0	12,257,937	0
Buildings	4,100,569	2,627,662	6,728,231	0
Improvements Other Than Buildings	0	25,108,306	25,108,306	214,812
Machinery and Equipment	3,265,750	1,251,442	4,517,192	0
Construction Work In Progress	0	551,632	551,632	0
	\$ 22,890,766	\$ 30,353,802	\$ 53,244,568	\$ 214,812
Less Accumulated Depreciation	8,974,442	10,819,045	19,793,487	37,234
Net Capital Assets	\$ 13,916,324	\$ 19,534,757	\$ 33,451,081	\$ 177,578
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	\$ 0	\$ 218,826	\$ 218,826	\$ 0
TOTAL ASSETS	\$ 21,492,401	\$ 25,217,399	\$ 46,709,800	\$ 3,551,170

The accompanying notes are an integral part of the financial statements.

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS		COMPONENT
	ACTIVITIES	TYPE	TOTALS	UNITS
	ACTIVITIES	ACTIVITIES		
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 147,077	\$ 248,207	\$ 395,284	\$ 15,690
Retainage Payable	2,000	0	2,000	0
Security Deposit Payable	1,086	0	1,086	0
Accrued Expenditures	62,987	155,658	218,645	474
Accrued Interest	55,325	152,737	208,062	29,389
Due to Primary Government	0	0	0	30,223
Due to Component Units	38,793	0	38,793	0
Utility Deposits	0	971	971	0
Capital Lease Payable	28,419	8,441	36,860	0
Current Portion of Long-Term Debt	654,329	415,000	1,069,329	690,000
Deferred Revenue	29,569	0	29,569	292,188
Total Current Liabilities	\$ 1,019,585	\$ 981,014	\$ 2,000,599	\$ 1,057,964
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds				
(Net of Deferred Refunding Amount)	\$ 0	\$ 9,591,283	\$ 9,591,283	\$ 0
General Obligation Bonds	890,000	0	890,000	1,900,000
Special Assessment Bonds	1,075,000	0	1,075,000	0
Notes Payable	516,264	0	516,264	86,733
Contracts Payable	66,500	0	66,500	0
Accrued Compensated Sick and Vacation	379,993	0	379,993	2,529
Less: Current Portion	(654,329)	(415,000)	(1,069,329)	(690,000)
Total Long-Term Liabilities	\$ 2,273,428	\$ 9,176,283	\$ 11,449,711	\$ 1,299,262
TOTAL LIABILITIES	\$ 3,293,013	\$ 10,157,297	\$ 13,450,310	\$ 2,357,226
<u>EQUITY</u>				
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 10,988,567	\$ 10,128,736	\$ 21,117,303	\$ 177,578
Restricted for Debt Service	788,365	1,874,914	2,663,279	1,017,205
Restricted for Ground Water Clean-Up	0	0	0	1,670,159
Restricted for Life Insurance	106,486	48,088	154,574	0
Restricted for Employees' Life and Health Insurance	86,585	57,977	144,562	0
Unrestricted	6,229,385	2,950,387	9,179,772	(1,670,998)
TOTAL NET ASSETS	\$ 18,199,388	\$ 15,060,102	\$ 33,259,490	\$ 1,193,944

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS		
PRIMARY GOVERNMENT									
GOVERNMENTAL ACTIVITIES									
General Government, Administrative	\$ 1,327,982	\$ 402,395	\$ 77,878	\$ 0	\$ (847,709)	\$ 0	\$ (847,709)	\$ 0	
Public Safety	2,622,586	780,010	9,389	0	(1,833,187)	0	(1,833,187)	0	
Public Works	2,218,235	0	790,001	912,478	(515,756)	0	(515,756)	0	
Recreation and Culture	457,302	0	1,000	511,192	54,890	0	54,890	0	
Redevelopment and Housing	191,400	0	0	0	(191,400)	0	(191,400)	0	
Economic Development and Assistance	50,168	0	0	1,959	(48,209)	0	(48,209)	0	
Intergovernmental Expenditures	97,157	0	0	0	(97,157)	0	(97,157)	0	
Interest on Long-Term Debt	132,579	0	0	0	(132,579)	0	(132,579)	0	
Total Governmental Activities	\$ 7,097,409	\$ 1,182,405	\$ 878,268	\$ 1,425,629	\$ (3,611,107)	\$ 0	\$ (3,611,107)	\$ 0	
BUSINESS-TYPE ACTIVITIES									
Water and Sewer System	\$ 3,200,864	\$ 3,036,846	\$ 0	\$ 50,000	\$ 0	\$ (114,018)	\$ (114,018)	\$ 0	
Building Authority Operating	138,284	195,870	0	0	0	57,586	57,586	0	
Automobile Parking System	53,932	44,416	0	0	0	(9,516)	(9,516)	0	
Total Business-Type Activities	\$ 3,393,080	\$ 3,277,132	\$ 0	\$ 50,000	\$ 0	\$ (65,948)	\$ (65,948)	\$ 0	
TOTAL PRIMARY GOVERNMENT	\$ 10,490,489	\$ 4,459,537	\$ 878,268	\$ 1,475,629	\$ (3,611,107)	\$ (65,948)	\$ (3,677,055)	\$ 0	
COMPONENT UNITS									
LDFA Operating Fund	\$ 190,728	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (190,728)	
Non-Major Component Units	193,834	14,815	2,550	0	0	0	0	\$ (176,469)	
TOTAL COMPONENT UNITS	\$ 384,562	\$ 14,815	\$ 2,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ (367,197)	
GENERAL REVENUES									
Property Tax and Special Assessments					\$ 3,205,316	\$ 0	\$ 3,205,316	\$ 1,055,635	
State Shared Revenue					1,162,441	0	1,162,441	0	
Unrestricted Investment Earnings					223,892	53,884	277,776	141,872	
Gain on Sale of Capital Assets					16,251	61	16,312	0	
Other					142,340	0	142,340	5,000	
Transfers:									
Transfers					(254,856)	254,856	0	0	
Transfers - Primary Government/Component Units					62,123	0	62,123	(62,123)	
Total General Revenues and Transfers					\$ 4,557,507	\$ 308,801	\$ 4,866,308	\$ 1,140,384	
Change in Net Assets					\$ 946,400	\$ 242,853	\$ 1,189,253	\$ 773,187	
NET ASSETS - Beginning of Year					17,252,988	14,817,249	32,070,237	420,757	
NET ASSETS - End of Year					\$ 18,199,388	\$ 15,060,102	\$ 33,259,490	\$ 1,193,944	

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2003

	GENERAL FUND	MAJOR STREET	LOCAL STREET	NON- MAJOR FUNDS	TOTALS
<u>ASSETS</u>					
Cash	\$ 22,486	\$ 42,910	\$ 1,293	\$ 422,592	\$ 489,281
Investments	887,512	278,908	0	3,103,413	4,269,833
Receivables					
Taxes	7,412	0	0	0	7,412
Accounts	29,518	0	0	96,982	126,500
Mortgages and Notes	53,428	0	0	343,050	396,478
Accrued Interest	6,502	6,599	0	86,479	99,580
Special Assessments					
Current	0	0	0	147,466	147,466
Deferred	0	0	0	775,247	775,247
Due from Other Funds	388,498	72,145	58,989	448,490	968,122
Due from Component Units	2,252	0	0	27,563	29,815
Due from Other Governments	149,333	110,967	33,447	161,088	454,835
Inventory, At Cost	10,520	0	0	0	10,520
Prepaid Expenditures	136,524	176	152	915	137,767
TOTAL ASSETS	<u>\$1,693,985</u>	<u>\$ 511,705</u>	<u>\$ 93,881</u>	<u>\$5,613,285</u>	<u>\$ 7,912,856</u>

The accompanying notes are an integral part of the financial statements.

	GENERAL FUND	MAJOR STREET	LOCAL STREET	NON- MAJOR FUNDS	TOTALS
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 61,553	\$ 1,309	\$ 0	\$ 61,993	\$ 124,855
Retainage Payable	0	0	0	2,000	2,000
Security Deposit Payable	0	0	0	1,086	1,086
Accrued Expenditures	33,106	318	4,273	0	37,697
Due to Other Funds	337,388	146,489	88,598	262,652	835,127
Due to Component Units	38,793	0	0	0	38,793
Deferred Revenue	84,435	0	0	1,208,667	1,293,102
Total Liabilities	<u>\$ 555,275</u>	<u>\$ 148,116</u>	<u>\$ 92,871</u>	<u>\$ 1,536,398</u>	<u>\$ 2,332,660</u>
<u>FUND BALANCE</u>					
Reserved for:					
Inventory	\$ 10,520	\$ 0	\$ 0	\$ 0	\$ 10,520
Prepaid Expenditures	136,524	176	152	0	136,852
Pistol Range	2,050	0	0	0	2,050
Antique Fire Truck	2,059	0	0	0	2,059
Veterans Memorial	1,855	0	0	0	1,855
Youth Services	844	0	0	0	844
Fountain	310	0	0	0	310
Undesignated	0	0	0	2,302,596	2,302,596
Unreserved					
Designated for:					
Street Improvements	0	363,413	858	0	364,271
Sick and Vacation	111,789	0	0	0	111,789
Working Capital	853,253	0	0	0	853,253
Tax Tribunal	19,506	0	0	0	19,506
Undesignated	0	0	0	1,774,291	1,774,291
Total Fund Balance	<u>\$1,138,710</u>	<u>\$ 363,589</u>	<u>\$ 1,010</u>	<u>\$4,076,887</u>	<u>\$ 5,580,196</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,693,985</u>	<u>\$ 511,705</u>	<u>\$ 93,881</u>	<u>\$5,613,285</u>	<u>\$ 7,912,856</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2003

Total Fund Balances for Governmental Funds	\$ 5,580,196
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 2,745,018	
Land Improvements	430,191	
Buildings	3,700,323	
Equipment	1,440,560	
Infrastructure	12,257,937	
Accumulated Depreciation	<u>(7,528,357)</u>	13,045,672

Other long-term assets are not available to pay for current period
expenditures and therefore are not reported in the funds

Special Assessment Receivables	\$ 775,247	
Personal Property Taxes Receivable	6,014	
Deferred Revenue - Loans Receivable	<u>482,272</u>	1,263,533

Internal service funds are used by management to charge costs of
certain activities, such as insurance and data processing, to
individual funds. The assets and liabilities of the internal service
funds are included in governmental activities in the Statement of
Net Assets.

1,293,069

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds.

General Obligation Bonds Payable	\$ (890,000)	
Special Assessment Bonds Payable	(1,075,000)	
Notes Payable	(516,264)	
Contracts Payable	(66,500)	
Accrued Interest Payable	(55,325)	
Compensated Absences	<u>(379,993)</u>	(2,983,082)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,199,388</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	GENERAL FUND	MAJOR STREETS	LOCAL STREETS	NON- MAJOR FUNDS	TOTALS
<u>REVENUES</u>					
Taxes	\$3,199,302	\$ 0	\$ 0	\$ 233,304	\$3,432,606
Licenses and Permits	940	0	0	0	940
Federal Grants	5,513	0	0	795,195	800,708
State Grants	1,173,943	1,034,261	193,714	46,574	2,448,492
Contributions from Local Units	171,463	0	0	45,066	216,529
Charges for Services	796,135	0	0	135,335	931,470
Fines and Forfeits	28,226	0	0	0	28,226
Interest and Rents	45,331	16,871	497	230,779	293,478
Gain (Loss) on Investments	0	0	0	542	542
Other Revenue	244,943	0	0	386,150	631,093
Total Revenues	\$5,665,796	\$1,051,132	\$ 194,211	\$1,872,945	\$8,784,084
<u>EXPENDITURES</u>					
General Government	\$1,259,454	\$ 0	\$ 0	\$ 104,837	\$1,364,291
Public Safety	2,602,234	0	0	68,693	2,670,927
Public Works	556,110	1,062,103	941,097	1,635	2,560,945
Culture and Recreation	172,053	0	0	482,647	654,700
Redevelopment and Housing	0	0	0	192,495	192,495
Economic Development and Assistance	37,830	0	0	2,319	40,149
Capital Outlay	0	0	0	262,902	262,902
Debt Service	0	0	0	411,107	411,107
Intergovernmental Expenditures	295,177	0	0	0	295,177
Total Expenditures	\$4,922,858	\$1,062,103	\$ 941,097	\$1,526,635	\$8,452,693
Excess (Deficiency) of Revenues Over Expenditures	\$ 742,938	\$ (10,971)	\$ (746,886)	\$ 346,310	\$ 331,391

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

	GENERAL FUND	MAJOR STREETS	LOCAL STREETS	NON- MAJOR FUNDS	TOTALS
<u>OTHER FINANCING SOURCES (USES)</u>					
Loan Proceeds	\$ 0	\$ 0	\$ 0	\$ 231,905	\$ 231,905
Operating Transfers In	0	0	816,992	328,943	1,145,935
Operating Transfers In - Component Units	0	0	0	62,123	62,123
Operating Transfers Out	(316,862)	(101,900)	(79,150)	(902,879)	(1,400,791)
Total Other Financing Sources (Uses)	\$ (316,862)	\$ (101,900)	\$ 737,842	\$ (279,908)	\$ 39,172
Net Change in Fund Balance	\$ 426,076	\$ (112,871)	\$ (9,044)	\$ 66,402	\$ 370,563
<u>FUND BALANCE</u> - Beginning of Year	712,634	476,460	10,054	4,010,485	5,209,633
<u>FUND BALANCE</u> - End of Year	<u>\$1,138,710</u>	<u>\$ 363,589</u>	<u>\$ 1,010</u>	<u>\$4,076,887</u>	<u>\$5,580,196</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2003

Net change in Fund Balance - Total Governmental Funds	\$ 370,563
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(734,458)
Capital Outlay	1,455,259
In the statement of activities, only the gain or loss on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the cost of the fixed assets sold net of accumulated depreciation.	
	(77,269)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not record in governmental funds until it is paid.	
Accrued Interest Payable - Beginning of Year	42,425
Accrued Interest Payable - End of Year	(55,325)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	
	391,428
Loan proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Assets.	
	(231,905)
Under modified accrual basis of accounting, revenue is recognized when measurable and certain. The entity wide statements recognize revenue when earned.	
Special assessment revenue previously recognized when earned for the entity wide statements.	(280,346)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Personal property tax revenue deferred using the modified accrual method	6,014
Employees compensated absences are reported on the accrual method in the statement of activities, and recorded as expenditures when financial resources are used in the governmental funds.	
Compensated Absences - Beginning of Year	381,928
Compensated Absences - End of Year	(379,993)
Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The net revenue (expense) of the internal service funds is reported within the governmental activities.	
	<u>58,079</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 946,400</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2003

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MAJOR FUNDS		
	WATER AND SEWER	BUILDING AUTHORITY OPERATING	NONMAJOR ENTERPRISE FUND
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 74,634	\$ 2,348	\$ 26,435
Investments	2,434,775	120,192	55,198
Receivables			
Accounts	225,972	0	0
Unbilled Services	245,171	0	0
Accrued Interest	28,659	1,999	0
Cylinder Deposits	10,500	0	0
Due from Other Funds	6,077	0	0
Due from Component Units	408	0	0
Due from Other Governments	50,000	0	0
Inventory, At Cost	181,344	0	0
Prepaid Expense	25,666	527	30
Total Current Assets	\$ 3,283,206	\$ 125,066	\$ 81,663
<u>RESTRICTED ASSETS</u>			
Investments			
Bond Reserve Account	\$ 1,464,203	\$ 0	\$ 0
Bond Replacement Account	410,711	0	0
Total Restricted Assets	\$ 1,874,914	\$ 0	\$ 0
<u>CAPITAL ASSETS</u>			
Land and Land Improvements	\$ 124,058	\$ 90,445	\$ 597,588
Buildings	916,952	1,699,011	0
Improvements Other Than Buildings	25,108,306	0	0
Machinery and Equipment	1,102,367	0	0
Construction Work In Progress	551,632	0	0
	\$ 27,803,315	\$ 1,789,456	\$ 597,588
Less Accumulated Depreciation	10,350,407	254,852	100,639
Net Capital Assets	\$ 17,452,908	\$ 1,534,604	\$ 496,949
<u>OTHER ASSETS</u>			
Deferred Charge - Bond Issuance Costs	\$ 185,262	\$ 33,564	\$ 0
TOTAL ASSETS	\$ 22,796,290	\$ 1,693,234	\$ 578,612

The accompanying notes are an integral part of the financial statements.

TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
\$ 103,417	\$ 134,502
2,610,165	261,683
225,972	6,061
245,171	0
30,658	2,456
10,500	0
6,077	57,403
408	0
50,000	0
181,344	27,118
26,223	52,521
\$ 3,489,935	\$ 541,744
\$ 1,464,203	\$ 0
410,711	0
\$ 1,874,914	\$ 0
\$ 812,091	\$ 91,301
2,615,963	400,246
25,108,306	0
1,102,367	1,825,190
551,632	0
\$ 30,190,359	\$ 2,316,737
10,705,898	1,446,085
\$ 19,484,461	\$ 870,652
\$ 218,826	\$ 0
\$ 25,068,136	\$ 1,412,396

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2003

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 216,332	\$ 2,602	\$ 21,671
Accrued Interest	135,711	17,026	0
Other Accrued Expenses	154,377	0	106
Due to Other Funds	20,280	8,084	1,054
Utility Deposits	971	0	0
Capital Leases	0	0	0
Current Portion of Revenue Bonds	330,000	85,000	0
Total Current Liabilities	\$ 857,671	\$ 112,712	\$ 22,831
<u>LONG-TERM LIABILITIES</u>			
1993 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	\$ 766,345	\$ 0	\$ 0
1994 Revenue Bonds	0	155,000	0
1995 Revenue Bonds	360,000	0	0
1999 Revenue and Refunding Bonds (Net of Deferred Refunding Amount)	1,586,180	1,210,000	0
2001 Revenue Bonds (Net of Deferred Refunding Amount)	5,098,758	0	0
Total Long-Term Liabilities	\$ 7,811,283	\$ 1,365,000	\$ 0
TOTAL LIABILITIES	\$ 8,668,954	\$ 1,477,712	\$ 22,831
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 9,175,914	\$ 84,604	\$ 496,949
Restricted for Debt Service	1,874,914	0	0
Restricted for Programs	0	0	0
Unrestricted	3,076,508	130,918	58,832
TOTAL NET ASSETS	\$ 14,127,336	\$ 215,522	\$ 555,781

The accompanying notes are an integral part of the financial statements.

TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
\$ 240,605	\$ 22,222
152,737	0
154,483	25,290
29,418	43,396
971	0
0	28,419
415,000	0
\$ 993,214	\$ 119,327
\$ 766,345	\$ 0
155,000	0
360,000	0
2,796,180	0
5,098,758	0
\$ 9,176,283	\$ 0
\$ 10,169,497	\$ 119,327
\$ 9,757,467	\$ 870,652
1,874,914	0
0	193,071
3,266,258	229,346
\$ 14,898,639	\$ 1,293,069

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2003

Total Net Assets - Total Proprietary Funds	\$ 14,898,639
Amounts reported for proprietary activities in the statement of net assets are different because:	
Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The assets and liabilities of the internal service funds are allocated to governmental and business activities.	
	<u>161,463</u>
NET ASSETS OF PROPRIETARY FUNDS	<u><u>\$ 15,060,102</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
JUNE 30, 2003

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>OPERATING REVENUES</u>			
Operating Revenues	\$ 3,036,846	\$ 195,870	\$ 44,416
<u>OPERATING EXPENSES</u>			
Personal Services	\$ 647,137	\$ 0	\$ 14,170
Contractual Services	405,338	31,575	15,562
Supplies	330,795	29	2,360
Heat, Light and Power	206,925	1,981	0
Depreciation and Amortization	690,602	38,088	13,678
Employee Benefits	352,659	0	7,784
Administrative	168,300	5,000	0
Total Operating Expenses	\$ 2,801,756	\$ 76,673	\$ 53,554
Operating Income	\$ 235,090	\$ 119,197	\$ (9,138)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Revenue	\$ 51,149	\$ 1,738	\$ 997
Interest and Fiscal Charges	(435,042)	(69,579)	0
State Grants	50,000	0	0
Gain (Loss) on Sale of Assets	0	0	0
Transfers In	234,856	0	20,000
Total Nonoperating Revenues (Expenses)	\$ (99,037)	\$ (67,841)	\$ 20,997
Change in Net Assets	\$ 136,053	\$ 51,356	\$ 11,859
<u>TOTAL NET ASSETS</u> - Beginning of Year	13,991,283	164,166	543,922
<u>TOTAL NET ASSETS</u> -End of Year	\$ 14,127,336	\$ 215,522	\$ 555,781

The accompanying notes are an integral part of the financial statements.

TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
<u>\$ 3,277,132</u>	<u>\$ 1,113,395</u>
\$ 661,307	\$ 146,151
452,475	106,295
333,184	79,299
208,906	19,076
742,368	169,713
360,443	492,253
173,300	53,315
<u> </u>	<u> </u>
\$ 2,931,983	\$ 1,066,102
<u> </u>	<u> </u>
\$ 345,149	\$ 47,293
<u> </u>	<u> </u>
\$ 53,884	\$ 10,762
(504,621)	(2,055)
50,000	0
0	2,079
254,856	0
<u> </u>	<u> </u>
\$ (145,881)	\$ 10,786
<u> </u>	<u> </u>
\$ 199,268	\$ 58,079
14,699,371	1,234,990
<u> </u>	<u> </u>
<u>\$ 14,898,639</u>	<u>\$ 1,293,069</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2003

Net Change in Fund Net Assets - Total Proprietary Funds	\$ 199,268
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental and business-type activities	
	<u>43,585</u>
CHANGE IN NET ASSETS OF PROPRIETARY FUNDS	<u><u>\$ 242,853</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2003

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

MAJOR FUNDS

WATER AND SEWER	BUILDING AUTHORITY OPERATING	NONMAJOR ENTERPRISE FUND
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 3,211,728	\$ 195,870	\$ 44,316
Cash Received from Quasi-External Operating Transactions with Other Funds	0	0	0
Cash Payments to Suppliers for Goods and Services	(1,220,924)	(31,452)	(7,187)
Cash Payments to Employees for Services	(632,929)	0	(14,064)
Other Operating Revenues	0	0	100

Net Cash Provided by Operating Activities

\$ 1,357,875	\$ 164,418	\$ 23,165
--------------	------------	-----------

Cash Flows from Capital and Related Financing Activities:

Acquisition and Construction of Capital Assets	\$ (2,570,356)	\$ 0	\$ (20,546)
Principal Paid on Bonds	(310,000)	(75,000)	0
Interest Paid on Bonds	(415,777)	(70,680)	0
Proceeds from Sale of Fixed Assets	0	0	0
Transfers In	0	0	20,000

Net Cash Provided (Used) for Capital and
Related Financing Activities

\$ (3,296,133)	\$ (145,680)	\$ (546)
----------------	--------------	----------

Cash Flows from Investing Activities:

Interest Received	\$ 58,901	\$ 430	\$ 997
Purchase of Investment Securities	(793,901)	(178,814)	(659)
Proceeds from Sale and Maturities of Investment Securities	2,701,927	137,683	0

Net Cash Provided (Used) by Investing Activities

\$ 1,966,927	\$ (40,701)	\$ 338
--------------	-------------	--------

Net Increase (Decrease) in Cash
and Cash Equivalents

\$ 28,669	\$ (21,963)	\$ 22,957
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CASH AND CASH EQUIVALENTS - Beginning of Year

45,965	24,311	3,478
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CASH AND CASH EQUIVALENTS - End of Year

\$ 74,634	\$ 2,348	\$ 26,435
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SIGNIFICANT NONCASH TRANSACTIONS

Contributed Investment in System	\$ 235,856	\$ 0	\$ 0
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The accompanying notes are an integral part of the financial statements.

<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 3,451,914	\$ 19
0	1,291,381
(1,259,563)	(330,624)
(646,993)	(586,904)
<u>100</u>	<u>0</u>
\$ 1,545,458	\$ 373,872
\$ (2,590,902)	\$ (151,888)
(385,000)	(23,074)
(486,457)	(2,055)
0	2,079
<u>20,000</u>	<u>0</u>
\$ (3,442,359)	\$ (174,938)
\$ 60,328	\$ 10,763
(973,374)	(621,267)
<u>2,839,610</u>	<u>463,834</u>
\$ 1,926,564	\$ (146,670)
\$ 29,663	\$ 52,264
<u>73,754</u>	<u>82,238</u>
<u>\$ 103,417</u>	<u>\$ 134,502</u>
\$ 235,856	\$ 0

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2003

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

MAJOR FUNDS

WATER AND SEWER	BUILDING AUTHORITY OPERATING	NONMAJOR ENTERPRISE FUND
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RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 235,090	\$ 119,197	\$ (9,138)
Adjustments to Reconcile Operating Income			
To Net Cash Provided by Operating Activities			
Depreciation and Amortization	\$ 690,602	\$ 38,088	\$ 13,678
(Increase) Decrease in Current Assets			
Accounts Receivable	173,978	0	0
Accrued Interest	0	0	0
Due from Other Funds	176,114	0	0
Due from Component Units	5,199	0	0
Inventory	19,162	0	0
Prepaid Expense	(22,710)	(527)	(6)
Increase (Decrease) in Current Liabilities			
Accounts Payable	132,983	(424)	21,671
Other Accrued Expenses	14,208	0	106
Due to Other Funds	(67,722)	8,084	(3,146)
Utility Deposits	971	0	0
Total Adjustments	\$ 1,122,785	\$ 45,221	\$ 32,303
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,357,875	\$ 164,418	\$ 23,165

The accompanying notes are an integral part of the financial statements.

TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
<u>\$ 345,149</u>	<u>\$ 47,293</u>
\$ 742,368	\$ 169,713
173,978	(5,417)
0	(2,456)
176,114	176,320
5,199	0
19,162	10,438
(23,243)	(44,482)
154,230	(7,747)
14,314	75
(62,784)	30,135
971	0
<u>\$ 1,200,309</u>	<u>\$ 326,579</u>
<u>\$ 1,545,458</u>	<u>\$ 373,872</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2003

ASSETS

Cash	\$ 9,270
Investments	
Corporate Bonds and Notes	1,161,180
U.S. Government Securities	264,513
Common Stocks	2,554,379
Preferred Stocks	309,418
International Bonds	38,487
Mutual Funds	217,250
Receivables	
Accrued Interest	<u>15,814</u>
 TOTAL ASSETS	 \$ 4,570,311

LIABILITIES

Due to Other Funds	<u>108,869</u>
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NET ASSETS

Held in Trust for Employees' Pension Benefits	<u><u>\$ 4,461,442</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2003

ADDITIONS

Contributions	
Employer	\$ 268,859
Employee	46,942
Total Contributions	<u>\$ 315,801</u>
Investment Income	
Interest and Dividend Income	\$ 117,652
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	(64,356)
Investment Expenses	(43,865)
Net Investment Income (Loss)	<u>\$ 9,431</u>
Total Additions (Deletions)	<u>\$ 325,232</u>

DEDUCTIONS

Benefit Payments	
Retirement	\$ 340,713
Administrative Expenses	
Contracted Services	
Actuarial Fees	10,375
Auditing	1,350
Total Deductions	<u>\$ 352,438</u>
Net Increase (Decrease) in Plan Assets	\$ (27,206)

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Beginning of Year	<u>4,488,648</u>
End of Year	<u><u>\$ 4,461,442</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF NET ASSETS
JUNE 30, 2003

	LDFA OPERATING	NONMAJOR COMPONENT UNITS	TOTALS
<u>ASSETS</u>			
Cash	\$ 692	\$ 212,481	\$ 213,173
Investments	1,955,696	1,132,716	3,088,412
Receivables			
Taxes	0	171	171
Accounts	0	2,358	2,358
Accrued Interest	18,980	11,617	30,597
External Parties (Agency Funds)	0	73	73
Due from Primary Government	0	38,793	38,793
Prepaid Expenses	0	15	15
Total Current Assets	\$ 1,975,368	\$ 1,398,224	\$ 3,373,592
<u>CAPITAL ASSETS</u>			
Improvements Other Than Buildings	\$ 0	\$ 214,812	\$ 214,812
Less Accumulated Depreciation	0	37,234	37,234
Net Capital Assets	\$ 0	\$ 177,578	\$ 177,578
 TOTAL ASSETS	 \$ 1,975,368	 \$ 1,575,802	 \$ 3,551,170
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 10,589	\$ 5,101	\$ 15,690
Accrued Expenditures	421	53	474
Accrued Interest	0	29,389	29,389
Due to Primary Government	2,011	28,212	30,223
Current Portion of Long-Term Debt	0	690,000	690,000
Deferred Revenue	292,188	0	292,188
Total Current Liabilities	\$ 305,209	\$ 752,755	\$ 1,057,964
<u>LONG-TERM LIABILITIES</u>			
General Obligation Bonds	\$ 0	\$ 1,900,000	\$ 1,900,000
Notes Payable	0	86,733	86,733
Accrued Compensated Sick and Vacation	0	2,529	2,529
Less: Current Portion	0	(690,000)	(690,000)
Total Long-Term Liabilities	\$ 0	\$ 1,299,262	\$ 1,299,262
 TOTAL LIABILITIES	 \$ 305,209	 \$ 2,052,017	 \$ 2,357,226
<u>EQUITY</u>			
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 0	\$ 177,578	\$ 177,578
Restricted for Groundwater Clean-Up	1,670,159	0	1,670,159
Unrestricted	0	(653,793)	(653,793)
 TOTAL NET ASSETS	 \$ 1,670,159	 \$ (476,215)	 \$ 1,193,944

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	LDFA OPERATING FUND	NONMAJOR COMPONENT UNITS	TOTALS
<u>LDFA Operating Fund</u>						
Public Works	\$ 190,728	\$ 0	\$ 0	\$ (190,728)	\$ 0	\$ (190,728)
<u>Nonmajor Component Units</u>						
Public Works	\$ 7,342	\$ 14,815	\$ 0	\$ 0	\$ 7,473	\$ 7,473
Economic Development and Assistance	76,014	0	2,550	0	(73,464)	(73,464)
Interest on Long-Term Debt	110,478	0	0	0	(110,478)	(110,478)
Total Nonmajor Component Units	\$ 193,834	\$ 14,815	\$ 2,550	\$ 0	\$ (176,469)	\$ (176,469)
TOTAL COMPONENT UNITS	\$ 384,562	\$ 14,815	\$ 2,550	\$ (190,728)	\$ (176,469)	\$ (367,197)
<u>GENERAL REVENUES</u>						
Property Tax				\$ 145,400	\$ 910,235	\$ 1,055,635
Unrestricted Investment Earnings				99,345	42,527	141,872
Other				0	5,000	5,000
Transfers:						
Transfers - Primary Government				0	(62,123)	(62,123)
Total General Revenues and Transfers				\$ 244,745	\$ 895,639	\$ 1,140,384
Change in Net Assets				\$ 54,017	\$ 719,170	\$ 773,187
NET ASSETS - Beginning of Year				1,616,142	(1,195,385)	420,757
NET ASSETS - End of Year				\$ 1,670,159	\$ (476,215)	\$ 1,193,944

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cadillac, Michigan, was incorporated March 9, 1877, and adopted its current charter on November 2, 1976. The City has a population of about 10,000, and operates under a Council-Manager form of government. The Council is composed of five elected members, one of whom is the Mayor. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government. Each blended and discretely presented component unit has a June 30 year end.

BLENDED COMPONENT UNITS

City of Cadillac Policemen and Firemen Retirement System - The City's police and fire employees participate in the Policemen and Firemen Retirement System (PFRS). PFRS functions for the benefit of the employees and is governed by a five-member pension board. The City's treasurer, one fireman, one police officer, and two members appointed by the mayor constitute the pension board. The City is responsible for funding all PFRS costs based on actuarial valuations. These costs are paid for out of an unlimited tax levy approved by the voters of the City. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Cadillac Building Authority - The Cadillac Building Authority is a municipal, nonprofit, nonstock corporation organized under the laws of the State of Michigan solely for the purpose of acquiring and owning buildings for lease to the City. Due to this special financing relationship, the Authority is considered a component of the City's reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act No. 197 of the Public Acts of Michigan 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA District. The DDA is a volunteer organization.

Economic Development Corporation of the City of Cadillac (EDC) - The EDC is a nonstock, nonprofit corporation. Its purpose is to act as an economic development corporation for the City of Cadillac in accordance with state law. Directors of the corporation are appointed by the mayor with the advice and consent of the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

DISCRETELY PRESENTED COMPONENT UNITS - Continued

Local Development Finance Authority (LDFA) - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located; piping sufficient to carry the contaminated groundwater to a cleaning facility; and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increase within the industrial park.

Brownfield Redevelopment Authority (BRA) - The BRA was established through City Ordinance under Michigan Public Act 381 of 1996. Its purpose is to identify contaminated sites and remediate them, as well as, to provide the financing to do so. The members of the board of the BRA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

Financial statements of the individual component units are included as supplemental information in the comprehensive annual financial report of the City of Cadillac, Michigan located at 200 N. Lake Street, Cadillac, MI 49601. The component units do not issue separate financial reports.

B. Government-wide and Fund Financial Statements

During fiscal year 2003, the City adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide and Fund Financial Statements - Continued

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City of Cadillac reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

The City of Cadillac reports the following major proprietary funds:

The *Water and Sewer Fund* records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant. The *Building Authority Operating Fund* accounts for the rental of the DNR office building.

Additionally the City of Cadillac reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *pension trust fund* is accounted for using the accrual method of accounting. The pension trust fund accounts for the assets of the government's public safety employees pension plan which is required to be held in trust for the members and beneficiaries.

The *permanent funds* are accounted for using the accrual method of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, the Automobile Parking System, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

1. Deposits and Investments - Continued

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. The Policemen and Firemen Retirement System Trust Fund is also authorized to invest in corporate common and preferred stocks and bonds.

Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. City and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after August 14. County and the balance of school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. City property tax revenues are recognized when they become both measurable and available for use to finance City operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

2. Receivables and Payables - Continued

The 2002 taxable valuation of the City of Cadillac totaled \$194,820,468, on which ad valorem taxes levied consisted of 13.9473 mills for the City of Cadillac operating purposes and 1.4000 mills for the City of Cadillac Policemen and Firemen Retirement System. These levies raised approximately \$2,717,196 for operating purposes and \$272,730 for the Policemen and Firemen Retirement System. Portions of these taxes levied were captured by the Downtown Development Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority. These amounts are recognized in the respective General Fund or Component Unit Fund financial statements as taxes receivable or as tax revenue.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain resources of the Water and Sewer Fund which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond reserve" account is used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The "bond replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

5. *Capital Assets* - Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Equipment	5-10

6. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

7. *Long-term Obligations* - Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.

Continued

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information - Continued

5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Four budget amendments were made during the year in a legally permissible manner.
7. Budgets were not adopted for the Clam River Clean-Up Grant Fund, the Upper Clam River Watershed Fund, the Mitchell Corporation Bankruptcy Fund, the Rental Rehabilitation Grant Fund, the 1992 Michigan Transportation Debt Retirement Fund, the 1998 Special Assessment Debt Retirement Fund, White Pine Trail Bike Path Grant Fund, the Sound Garden Grant Fund and the Downtown Gateway Project Fund.
8. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

B. Funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Public Safety	\$ 2,583,600	\$ 2,602,234
Major Street Fund	982,200	1,062,103
Local Street Fund	502,300	941,097

These overages were funded by greater than anticipated revenues in the case of the General Fund and construction grants in the street funds.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Cash balances of most City funds are pooled and invested. Interest earned on the investments purchased with pooled cash is allocated back to each of the funds based on the fund's average equity balance. In addition, investments are separately held by several of the City's funds. The deposits and investments of the Policemen and Firemen Retirement System Trust Fund are held separately from those of the other City funds.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Deposits and Investments - Continued

At year end, the carrying amount of the City's deposits was \$5,482,941 and the bank balance was \$5,508,172. Of the bank balance, \$1,850,767 was covered by federal depository insurance and \$3,657,405 was uninsured and uncollateralized. This amount included \$4,672,579 of time certificates of deposit and money market accounts which have been classified as investments or restricted assets on the balance sheets.

The carrying amount of deposits for the discretely presented component units, was \$2,443,959 and the bank balance was \$2,342,110. Of the bank balance, \$1,310,617 was covered by Federal Depository Insurance and \$1,031,493 was uninsured and uncollateralized. This amount includes \$2,230,786 of time certificates of deposit which have been classified as investments on the balance sheet.

The City's investments are categorized in the following schedule to give an indication of the level of risk assumed by the entity at year end.

Category 1 - Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank), or agent in the City's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker, dealer, or agent but not in the City's name.

	CATEGORY			CARRYING AMOUNT	FAIR VALUE
	1	2	3		
Investments - Primary Government					
U.S. Government					
Securities	\$ 582,075	\$ 0	\$ 264,513	\$ 846,588	\$ 846,588
Corporate					
Bonds and Notes	235,236	0	1,161,180	1,396,416	1,396,416
International Bonds	0	0	38,487	38,487	38,487
Common Stocks	0	0	2,990,329	2,990,329	2,990,329
Preferred Stocks	0	0	321,085	321,085	321,085
Government Notes	90,958	0	0	90,958	90,958
	<u>\$ 908,269</u>	<u>\$ 0</u>	<u>\$ 4,775,594</u>	<u>\$ 5,683,863</u>	<u>\$ 5,683,863</u>
Investments Not Subject to Categorization					
Mutual Funds				3,302,417	3,302,417
				<u>\$ 8,986,280</u>	<u>\$ 8,986,280</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Deposits and Investments - Continued

	CATEGORY			CARRYING AMOUNT	FAIR VALUE
	1	2	3		
Investments - Component Units					
U.S. Government					
Securities	\$ 210,587	\$ 0	\$ 0	\$ 210,587	\$ 210,587
Investments Not Subject to Categorization					
Mutual Funds				647,039	647,039
				<u>\$ 857,626</u>	<u>\$ 857,626</u>

A reconciliation of cash and investments follows:

	PRIMARY GOVERNMENT	COMPONENT UNITS
Cash on Hand	\$ 1,200	\$ 0
Carrying amount of Deposits	5,482,941	2,443,959
Carrying amount of Investments	<u>8,986,280</u>	<u>857,626</u>
Total	<u>\$ 14,470,421</u>	<u>\$ 3,301,585</u>
Government-wide Statement of Net Assets		
Cash	\$ 740,270	\$ 213,173
Investments	7,238,718	3,088,412
Restricted Assets - Investments	1,874,914	0
Statement of Fiduciary Net Assets		
Cash	9,270	0
Investments	4,545,227	0
Combining Statement of Changes in Assets and Liabilities - All Agency Funds		
Cash	<u>62,022</u>	<u>0</u>
Total	<u>\$ 14,470,421</u>	<u>\$ 3,301,585</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major Street	Local Street	Water and Sewer	Building Authority Operating	Nonmajor and Other Funds	Total
Receivables							
Taxes	\$ 7,412	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,412
Accounts	29,518	0	0	225,972	0	103,324	358,814
Unbilled							
Services	0	0	0	245,171	0	0	245,171
Special Assessments							
Current	0	0	0	0	0	147,466	147,466
Deferred	0	0	0	0	0	775,247	775,247
Mortgages							
and Notes	53,428	0	0	0	0	343,050	396,478
Accrued Interest	6,502	6,599	0	28,659	1,999	105,455	149,214
Cylinder							
Deposits	0	0	0	10,500	0	0	10,500
Receivables	\$ 96,860	\$ 6,599	\$ 0	\$ 510,302	\$ 1,999	\$ 1,474,542	\$ 2,090,302

By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue	
	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	6,012	
Special assessment receivables prepaid (General Fund)		16,438
Property taxes prepaid (General Fund)		8,227
Accounts receivable (General Fund)		330
Mortgages and notes receivable (General Fund)	53,428	

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

B. Receivables - Continued

	Deferred Revenue		
	Unavailable	Unearned	
Mortgages and notes receivable (Special Revenue Funds)	336,102		
Accounts receivable (Special Revenue Funds)		94,273	
Deferred grant revenue (Special Revenue Funds)		1,010	
Special assessment receivables (Debt Service Funds)	736,010		
Deferred grant revenue (Capital Projects Funds)		2,035	
Special assessment receivables (Capital Projects Funds)	39,237		
	<u>1,170,789</u>	<u>122,313</u>	<u>1,293,102</u>

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 2,867,094	\$ 0	\$ 122,076	\$ 2,745,018
Capital assets, being depreciated				
Buildings	\$ 3,700,323	\$ 0	\$ 0	\$ 3,700,323
Land Improvements	430,191	0	0	430,191
Machinery and equipment	1,398,765	67,063	25,268	1,440,560
Infrastructure	10,869,741	1,388,196	0	12,257,937
Total capital assets, being depreciated	\$ 16,399,020	\$ 1,455,259	\$ 25,268	17,829,011
Less accumulated depreciation for:				
Buildings	\$ 2,080,481	\$ 73,664	\$ 0	\$ 2,154,145
Land Improvements	245,154	19,161	0	264,315
Machinery and equipment	759,081	114,096	16,637	856,540
Infrastructure	3,725,820	527,537	0	4,253,357
Total accumulated depreciation	\$ 6,810,536	\$ 734,458	\$ 16,637	\$ 7,528,357
Total capital assets, being depreciated, net	\$ 9,588,484	\$ 720,801	\$ 8,631	\$ 10,300,654

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

C. Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities capital assets, net	\$ 12,455,578	\$ 720,801	\$ 130,707	\$ 13,045,672
Internal Service Fund net capital assets				870,652
Net capital per Statement of Net Assets				\$ 13,916,324
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 245,612	\$ 0	\$ 0	\$ 245,612
Construction in Progress	741,470	818,616	1,008,454	551,632
Total capital assets, not being depreciated	\$ 987,082	\$ 818,616	\$ 1,008,454	\$ 797,244
Capital assets, being depreciated				
Buildings	\$ 2,615,963	\$ 0	\$ 0	\$ 2,615,963
Improvements other than buildings	22,720,438	2,954,347	0	25,674,785
Machinery and equipment	1,040,119	62,248	0	1,102,367
Total capital assets, being depreciated	\$ 26,376,520	\$ 3,016,595	\$ 0	\$ 29,393,115
Less accumulated depreciation for:				
Buildings	\$ 710,436	\$ 70,779	\$ 0	\$ 781,215
Improvements other than buildings	8,565,039	588,438	0	9,153,477
Machinery and equipment	716,150	55,056	0	771,206
Total accumulated depreciation	\$ 9,991,625	\$ 714,273	\$ 0	\$ 10,705,898
Total capital assets, being depreciated, net	\$ 16,384,895	\$ 2,302,322	\$ 0	\$ 18,687,217
Business-type activities capital assets, net	\$ 17,371,977	\$ 3,120,938	\$ 1,008,454	\$ 19,484,461
Internal Service Fund net capital assets				50,296
Net capital per Statement of Net Assets				\$ 19,534,757

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

C. Capital Assets - Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 47,609
Public Safety	100,106
Public Works, including depreciation of general infrastructure assets	494,293
Recreation and Culture	83,192
Economic Development and Assistance	<u>9,258</u>
 Total depreciation expense - governmental activities	 \$ <u>734,458</u>
Business-type activities:	
Water and Sewer	\$ 666,614
Automobile Parking System	13,678
Building Authority Operating	<u>33,981</u>
 Total depreciation expense - business-type activities	 \$ <u>714,273</u>

Construction Commitments:

The government has an active wastewater treatment construction project as of June 30, 2003. The total contract balance was approximately \$838,857 with \$537,147 being expended as of June 30, 2003. The remaining commitment is \$301,710. The commitment for wastewater treatment facilities is being financed by revenue bonds secured by sewer revenues.

Discretely Presented Component Units:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets, being depreciated				
Improvements other than buildings	\$ 214,812	\$ 0	\$ 0	\$ 214,812
 Less accumulated depreciation for:				
Improvements other than buildings	<u>32,938</u>	<u>4,296</u>	<u>0</u>	<u>37,234</u>
 Total capital assets, being depreciated, net	 \$ <u>181,874</u>	 \$ <u>4,296</u>	 \$ <u>0</u>	 \$ <u>177,578</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2003, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 388,498	\$ 337,388
Special Revenue Funds		
Major Street	72,145	146,489
Local Street	58,989	88,598
Cemetery Operating	23,754	23
Community Development	2,982	0
Upper Clam River Watershed	0	1,000
Cadillac Development	194,944	0
White Pine Trail Bike Path	0	14,781
Clam River Greenway	0	19,738
Building Inspection	912	635
Downtown Gateway Project	0	27,848
Sound Garden Grant	226	0
Rental Rehabilitation	0	1,959
Debt Service Funds		
1992 Special Assessment	1,849	1,037
1992 Michigan Transportation	0	150
1994 Special Assessment	0	6,318
1996 Special Assessment	12,571	0
1997 Michigan Transportation	150	0
1997 Building Authority	150	150
1998 Special Assessment	0	17,000
2002 Special Assessment	1,279	0
Capital Projects Funds		
Special Assessment Capital Projects	209,673	61,095
James E. Potvin Industrial Park	0	87,164
Permanent Funds		
Cemetery Perpetual Care	0	23,754
Enterprise Funds		
Water and Sewer	6,077	20,280
Automobile Parking System	0	1,054
Building Authority Operating	0	8,084
Internal Service Funds		
Central Stores and Municipal Garage	61,723	3,193
Data Processing	0	1,425
Self-Insurance	0	41,798
Safety	0	246

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Interfund Receivables and Payables - Continued

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
Fiduciary Funds		
Police and Fire Retirement System	0	108,869
Current Tax Collection	0	13,411
Payroll	0	2,435
	<u>0</u>	<u>2,435</u>
	\$ 1,035,922	\$ 1,035,922

Due to/from Primary Government and Component Units

 Primary Government

General Fund	\$ 2,252	\$ 38,793
Water and Sewer	408	0
Current Tax Collection	0	73
Downtown Gateway Project	27,563	0

 Component Unit

Downtown Development Authority	73	28,145
L.D.F.A. Operating Fund	0	2,011
L.D.F.A. Utilities Fund	0	67
Brownfield Redevelopment Authority	16,583	0
L.D.F.A. Debt Retirement Fund	22,210	0

\$ 69,089	\$ 69,089
-----------	-----------

Interfund Transfers as of June 30, 2003, were:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
<u>Primary Government</u>		
General Fund	\$ 0	\$ 316,862
Major Street Fund	0	101,900
Local Street Fund	816,992	79,150
Water and Sewer Fund	234,856	0
Nonmajor Special Revenue Funds	33,604	29,000
Nonmajor Debt Service Funds	234,032	119,882
Nonmajor Capital Project Funds	61,307	732,555
Nonmajor Permanent Funds	0	21,442
Nonmajor Proprietary Fund	20,000	0
	<u>20,000</u>	<u>0</u>
	\$ 1,400,791	\$ 1,400,791

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Interfund Receivables and Payables - Continued

Primary Government/Component Units	TRANSFERS	
	IN	OUT
<u>Primary Government</u>		
Nonmajor Special Revenue Fund	\$ 33,723	\$ 0
Nonmajor Debt Service Funds	28,400	0
<u>Component Units</u>		
DDA Capital Projects Fund	0	62,123
	<u>\$ 62,123</u>	<u>\$ 62,123</u>

E. Leases

Operating Leases - The City is committed under three noncancelable leases for office equipment and two noncancelable leases for vehicles. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value. Future minimum lease payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2004	\$ 19,268
2005	19,268
2006	9,898
	<u>\$ 48,434</u>

Capital Leases - The City of Cadillac has entered into a lease agreement as lessee for financing the acquisition of data processing computer equipment. A security deposit of \$5,432 was required. A \$1 purchase option exists at the end of the lease. This lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the Data Processing Internal Service Fund.

The assets acquired through the lease are as follows:

	<u>DATA PROCESSING FUND</u>
<u>ASSETS</u>	
Machinery and equipment	\$ 144,190
Less: Accumulated Depreciation	<u>100,933</u>
TOTAL	<u>\$ 43,257</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

E. Leases - Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>DATA PROCESSING FUND</u>
2004	\$ 32,593
2005	5,432
Total minimum lease payments	\$ 38,025
Less: Amount representing interest	(1,165)
Present value of minimum lease payments.	<u>\$ 36,860</u>

F. Long-Term Debt

1. Primary Government

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2003, (in thousands of dollars) reported in the general long-term debt account group:

Governmental Activities:

	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	CONTRACTS AND NOTES	SICK AND VACATION PAY	TOTAL
Debt Payable at July 1, 2002	\$ 985	\$ 1,240	\$ 483	\$ 382	\$ 3,090
New Debt Incurred	0	0	231	0	231
Debt Retired	(95)	(165)	(131)	(2)	(393)
Debt Payable at June 30, 2003	<u>\$ 890</u>	<u>\$ 1,075</u>	<u>\$ 583</u>	<u>\$ 380</u>	<u>\$ 2,928</u>

Debt payable at June 30, 2003, is comprised of the following individual issues (in thousands of dollars):

General Obligation Bonds:

\$335,000 1990 Michigan Transportation Fund Bonds due in annual installments of \$35,000 through October 1, 2004; interest at 5.00 to 6.50 percent	\$ 70
\$185,000 1993 Michigan Transportation Fund Bonds due in annual installments of \$15,000 to \$20,000 through October 1, 2005; interest at 5.20 to 5.40 percent	55

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. *Primary Government* - Continued

\$230,000 1996 Michigan Transportation Fund Bonds due in annual installments of \$15,000 to \$25,000 through October 1, 2010; interest at 5.50 percent	165
\$110,000 1997 Michigan Transportation Fund Bonds due in annual installments of \$10,000 to \$15,000 through October 1, 2008; interest at 5.00 to 5.35 percent	75
\$300,000 2000 Michigan Transportation Fund Bonds due in annual installments of \$10,000 to \$35,000 through October 1, 2014; interest at 5.30 to 5.55 percent	280
\$310,000 1997 Building Authority Bonds due in annual installments of \$20,000 to \$30,000 through October 1, 2012; interest at 4.80 to 5.25 percent	245
	\$ <u>890</u>

Special Assessment Bonds

\$360,000 Special Assessment Limited Tax Bonds due in annual installments of \$20,000 to \$25,000 through October 1, 2006; interest at 5.90 to 6.20 percent	\$ 95
\$220,000 Special Assessment Limited Tax Bonds due in annual installments of \$15,000 through October 1, 2007; interest at 5.20 to 5.60 percent	75
\$425,000 Special Assessment Limited Tax Bonds due in annual installments of \$10,000 to \$35,000 through October 1, 2010; interest at 5.20 to 5.65 percent	210
\$360,000 Special Assessment Limited Tax Bonds due in annual installments of \$20,000 to \$25,000 through October 1, 2011; interest at 5.00 to 5.45 percent	220
\$210,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$20,000 through October 1, 2014; interest at 5.30 to 5.55 percent	165
\$325,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$35,000 through October 1, 2015; interest at 3.00 to 5.00 percent	310
	\$ <u>1,075</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. *Primary Government* - Continued

Other Long-Term Debt:

\$163,000 Loan, Due in Annual Installments of \$7,755 through 2013; interest at 5.00 percent	\$ 60
\$200,000 Michigan Jobs Commission Loan due in annual installments of \$12,500 through May 1, 2005 and one installment of \$41,500 on May 1, 2006; this loan is interest-free	67
\$425,306 Michigan Jobs Commission loan due in quarterly installments of \$14,215 beginning March 1, 2005 and running through December 1, 2016; interest at 6.00 percent	425
\$72,149 Loan, due in annual installments of \$3,940 through 2014; interest at 6.00 percent	31
Vested sick and vacation pay owed to City employees under various contracts and collective bargaining agreements (this debt is payable from the General Fund and various Special Revenue Funds)	380
	\$ 963
	\$ 2,928

The annual requirements to amortize debt outstanding other than vested sick and vacation pay as of June 30, 2003, are as follows (in thousands of dollars):

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	INSTALLMENT LOANS	TOTAL
2004				
PRINCIPAL	\$ 105	\$ 150	\$ 19	\$ 274
INTEREST	45	50	5	100
TOTAL	\$ 150	\$ 200	\$ 24	\$ 374
2005				
PRINCIPAL	\$ 115	\$ 150	\$ 20	\$ 285
INTEREST	39	43	33	115
TOTAL	\$ 154	\$ 193	\$ 53	\$ 400

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. Primary Government - Continued

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	INSTALLMENT LOANS	TOTAL
2006				
PRINCIPAL	\$ 85	\$ 150	\$ 20	\$ 255
INTEREST	34	35	61	130
TOTAL	\$ 119	\$ 185	\$ 81	\$ 385
2007				
PRINCIPAL	\$ 75	\$ 140	\$ 36	\$ 251
INTEREST	29	28	45	102
TOTAL	\$ 104	\$ 168	\$ 81	\$ 353
2008				
PRINCIPAL	\$ 80	\$ 120	\$ 54	\$ 254
INTEREST	25	21	27	73
TOTAL	\$ 105	\$ 141	\$ 81	\$ 327
2009-2013				
PRINCIPAL	\$ 360	\$ 345	\$ 251	\$ 956
INTEREST	63	39	96	198
TOTAL	\$ 423	\$ 384	\$ 347	\$ 1,154
2014-2018				
PRINCIPAL	\$ 70	\$ 20	\$ 183	\$ 273
INTEREST	4	1	21	26
TOTAL	\$ 74	\$ 21	\$ 204	\$ 299
GRAND TOTAL				
PRINCIPAL	\$ 890	\$ 1,075	\$ 583	\$ 2,548
INTEREST	239	217	288	744
TOTAL	\$ 1,129	\$ 1,292	\$ 871	\$ 3,292

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. *Primary Government* - Continued

Business-Type Activities:

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2003, (in thousands of dollars) reported in Business-Type Activities:

	REVENUE BONDS
Debt Payable at July 1, 2002	\$ 10,140
New Debt Incurred	0
Debt Retired	(385)
Debt Payable at June 30, 2003	\$ <u>9,755</u>

Revenue Bonds:

\$1,655,000 Water Supply and Wastewater System Revenue Refunding Bonds due in annual installments of \$185,000 to \$265,000 through September 1, 2007; interest at 5.10 to 5.50 percent	\$ 1,065
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\$2,300,000 Water Supply and Wastewater System Revenue Bonds due in annual installments of \$80,000 starting September 1, 2004, to \$95,000 through September 1, 2007, interest at 5.375 percent	360
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\$1,740,000 1994 Building Authority Bonds due in annual installments of \$70,000 to \$80,000 through October 1, 2005; interest at 6.20 percent. These bonds are a limited tax full faith and credit general obligation	225
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\$1,265,000 1999 Building Authority Refunding Bonds due in annual installments of \$15,000 to \$140,000 through October 1, 2015; interest at 3.85 to 4.60 percent	1,225
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\$2,110,000 Water Supply and Wastewater System Revenue and Revenue Refunding Bonds due in annual installments of \$5,000 to \$305,000 through September 1, 2019; interest at 3.75 to 4.90 percent	1,675
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\$5,215,000 Water and Sewer Revenue and Revenue Refunding Bonds due in annual installments of \$10,000 to \$505,000 through September 1, 2026; interest at 4.00 to 5.125 percent	5,205
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Less unamortized deferred charges	<u>164</u>
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Long-term debt per Statement of Net Assets	<u>\$ 9,591</u>
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Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. *Primary Government* - Continued

The annual requirements to amortize debt outstanding reported in business-type activities as of June 30, 2003, are as follows (in thousands of dollars):

<u>YEAR</u> <u>ENDING JUNE 30,</u>	<u>REVENUE</u> <u>BONDS</u>
2004	
PRINCIPAL	\$ 415
INTEREST	465
TOTAL	<u>\$ 880</u>
2005	
PRINCIPAL	\$ 425
INTEREST	443
TOTAL	<u>\$ 868</u>
2006	
PRINCIPAL	\$ 445
INTEREST	421
TOTAL	<u>\$ 866</u>
2007	
PRINCIPAL	\$ 465
INTEREST	398
TOTAL	<u>\$ 863</u>
2008	
PRINCIPAL	\$ 490
INTEREST	374
TOTAL	<u>\$ 864</u>
2009-2013	
PRINCIPAL	\$ 2,860
INTEREST	1,502
TOTAL	<u>\$ 4,362</u>
2014-2018	
PRINCIPAL	\$ 1,590
INTEREST	958
TOTAL	<u>\$ 2,548</u>
2019-2023	
PRINCIPAL	\$ 1,525
INTEREST	597
TOTAL	<u>\$ 2,122</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

1. *Primary Government* - Continued

YEAR <u>ENDING JUNE 30,</u>	REVENUE BONDS
2024-2028	
PRINCIPAL	\$ 1,540
INTEREST	163
TOTAL	<u>\$ 1,703</u>
GRAND TOTAL	
PRINCIPAL	\$ 9,755
INTEREST	5,321
TOTAL	<u><u>\$ 15,076</u></u>

\$788,365 is available in the Debt Service Funds to service the General Obligation and Special Assessment bonds. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

At June 30, 2003, outstanding revenue bonds (including prior year's refundings) of \$2,725,000 are considered to be defeased. These are by fund type, as follows:

Enterprise Funds	<u><u>\$ 2,725,000</u></u>
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2. *Component Units*

The following is a summary of debt transactions of the City of Cadillac's discretely presented component units for the year ended June 30, 2003, (in thousands of dollars):

	REVENUE BONDS
Debt Payable at July 1, 2002	<u>\$ 2,647</u>
New Debt Incurred	0
Debt Retired	(660)
Debt Payable at June 30, 2003	<u><u>\$ 1,987</u></u>

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

2. Component Units - Continued

Debt payable at June 30, 2003, is comprised of the following issues (in thousands of dollars):

\$3,640,000 Local Development Refunding Bonds, Series 2000 (Limited Tax General Obligation) due in annual installments of \$495,000 to \$715,000 through March 1, 2006; interest at 4.50 to 4.75 percent	\$	1,900
 \$86,733 Loan, due in annual installments of \$8,791 through 2014; interest at 2.25 percent		
		87
	\$	<u>1,987</u>

The annual requirements to amortize this debt as of June 30, 2003, are as follows (in thousands of dollars):

YEAR ENDING JUNE 30,	TAX INCREMENT		INSTALLMENT		TOTAL
	REVENUE BONDS		LOANS		
2004					
PRINCIPAL	\$ 690	\$	0	\$	690
INTEREST	88		0		88
TOTAL	\$ 778	\$	0	\$	778
2005					
PRINCIPAL	\$ 715	\$	9	\$	724
INTEREST	57		0		57
TOTAL	\$ 772	\$	9	\$	781
2006					
PRINCIPAL	\$ 495	\$	7	\$	502
INTEREST	24		2		26
TOTAL	\$ 519	\$	9	\$	528
2007					
PRINCIPAL	\$ 0	\$	7	\$	7
INTEREST	0		2		2
TOTAL	\$ 0	\$	9	\$	9

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. Long-Term Debt - Continued

2. Component Units - Continued

YEAR ENDING JUNE 30,	TAX INCREMENT REVENUE BONDS	INSTALLMENT LOANS	TOTAL
2008			
PRINCIPAL	\$ 0	\$ 7	\$ 7
INTEREST	0	2	2
TOTAL	\$ 0	\$ 9	\$ 9
2009-2013			
PRINCIPAL	\$ 0	\$ 39	\$ 39
INTEREST	0	6	6
TOTAL	\$ 0	\$ 45	\$ 45
2014-2018			
PRINCIPAL	\$ 0	\$ 18	\$ 18
INTEREST	0	1	1
TOTAL	\$ 0	\$ 19	\$ 19
GRAND TOTAL			
PRINCIPAL	\$ 1,900	\$ 87	\$ 1,987
INTEREST	169	13	182
TOTAL	\$ 2,069	\$ 100	\$ 2,169

\$1,017,205 is available in the L.D.F.A. Debt Service Fund to be used in servicing the Tax Increment Revenue Refunding Bonds.

At June 30, 2003, outstanding L.D.F.A. Revenue Bonds (including prior year's refundings of \$3,985,000) are considered to be defeased.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

G. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the City has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

NET ASSETS

Restricted

Self-Insurance Fund

Retirees' Life Insurance	\$	154,574	
Employees' Life and Health Insurance		<u>144,562</u>	\$ <u><u>299,136</u></u>

FUND BALANCE/NET ASSETS

Reserved

General Fund

Inventory	\$	10,520	
Prepaid Expenditures		136,524	
Veterans Memorial		1,855	
Pistol Range		2,050	
Antique Fire Truck		2,059	
Youth Services		844	
Fountain		<u>310</u>	\$ 154,162

Special Revenue Funds

Major Street Fund

Prepaid Expenditures	\$	176
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Local Street Fund

Prepaid Expenditures		152
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Building Inspection Fund

Prepaid Expenditures		164
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Cemetery Operating Fund

Prepaid Expenditures		196
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Capital Improvements		17,195
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Community Development Fund

Prepaid Expenditures		18
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Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

H. Fund Balance Reserves and Designations - Continued

FUND BALANCE/NET ASSETS - Continued

Reserved

Special Revenue Funds - Continued

Cadillac Development Fund

Loans Receivable 6,948

Mitchell Corporation Bankruptcy Fund

Bankruptcy Court Escrow 133,578

Clam River Greenway Fund

Parks 15,228 173,655

Debt Service Funds

Reserved for Debt Service

1990 Michigan Transportation Fund

Debt Retirement Fund \$ 652

1992 Special Assessment Debt Retirement Fund 256,825

1993 Special Assessment Debt Retirement Fund 78,409

1993 Michigan Transportation Fund

Debt Retirement Fund 3,267

1996 Special Assessment Debt Retirement Fund 247,737

1996 Michigan Transportation Fund

Debt Retirement Fund 265

1997 Special Assessment Debt Retirement Fund 67,834

1997 Michigan Transportation Fund

Debt Retirement Fund 2,027

1997 Building Authority Debt Retirement Fund 496

1998 Special Assessment Debt Retirement Fund 52,151

2000 Special Assessment Debt Retirement Fund 19,812

2000 Michigan Transportation Fund

Debt Retirement Fund 538

2002 Special Assessment Debt Retirement Fund 58,352 788,365

Capital Projects Funds

Industrial Park Fund

Industrial Development \$ 217,553

Special Assessment Capital Projects Fund

Special Assessment Project Construction 156,098 373,651

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

H. Fund Balance Reserves and Designations - Continued

FUND BALANCE/NET ASSETS - Continued

Reserved

Trust Funds

Policemen and Firemen Retirement System

Employee's Pension Benefits \$ 4,461,442

Cemetery Perpetual Care Fund

Cemetery Perpetual Care Endowment 399,255

Capital Projects Trust Fund

Capital Projects 567,998 5,428,695

Component Units

L.D.F.A. Debt Retirement Fund

Debt Service \$ 1,017,205

L.D.F.A. Operating Fund

Groundwater Cleanup 1,670,159 2,687,364

TOTAL FUND BALANCE/NET ASSETS RESERVES \$ 9,605,892

Unreserved - Designated

General Fund

Sick and Vacation \$ 111,789

Working Capital 853,253

Tax Tribunal 19,506 \$ 984,548

Special Revenue Funds

Major Street Fund

Street Improvements \$ 363,413

Local Street Fund

Street Improvements 858 364,271

TOTAL FUND BALANCE DESIGNATIONS \$ 1,348,819

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION

A. Segment Information for Enterprise Funds

The City maintains three Enterprise Funds that provide water and sewer services, parking services and rental of the DNR Building. Each fund represents one segment. Segment information for the nonmajor Automobile Parking System for the year ended June 30, 2003, was as follows:

	<u>AUTOMOBILE PARKING SYSTEM</u>
CONDENSED STATEMENT OF NET ASSETS	
Assets:	
Current Assets	\$ 81,663
Capital Assets	496,949
Total Assets	\$ <u><u>578,612</u></u>
Liabilities:	
Current Liabilities	\$ 21,777
Due to Other Funds	1,054
Total Liabilities	\$ <u><u>22,831</u></u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$ 496,949
Unrestricted	58,832
Total Net Assets	\$ <u><u>555,781</u></u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	
Operating Revenues	\$ 44,416
Depreciation and Amortization	(13,678)
Other Operating Expenses	(39,876)
Operating Income (Loss)	\$ (9,138)
Nonoperating Revenues (Expenses)	
Interest Revenue	997
Transfer In	20,000
Change in Net Assets	\$ 11,859
Beginning Net Assets	543,922
Ending Net Assets	\$ <u><u>555,781</u></u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION

A. Segment Information for Enterprise Funds

CONDENSED STATEMENT OF CASH FLOWS

Net Cash Provided (Uses) by:	
Operating Activities	\$ 23,165
Capital and Related Financing Activities	(546)
Investing Activities	338
Net Increase (Decrease)	\$ 22,957
Beginning Cash and Cash Equivalents	3,478
Ending Cash and Cash Equivalents	\$ <u>26,435</u>

B. Amortization of Bond Issuance Costs

The City incurred bond issuance costs in connection with Water and Sewer revenue bonds and Building Authority Operating Bonds of \$406,052 and \$50,158, respectively. These costs have been capitalized and are amortized using the “interest” method, as prescribed in Accounting Principles Board Opinion Number 21, over the repayment period of the bonds.

C. Mortgages and Notes Receivable

Mortgages and Notes Receivable as reported in the Special Revenue Funds consist of the following:

Mortgages resulting from loans made with H.U.D. grant monies to assist low and moderate income families to bring their homes up to the City building code. These loans are either low interest or interest free. As loans are repaid, money is made available for new loans.

D. City Obligation for Special Assessment Debts

As described in Note III-F, the City has special assessment bonds payable totaling \$1,075,000. In the event that property owners default on the special assessments levied to pay these bonds, the City is obligated to make payment from its own funds. The City currently has cash and investments totaling \$588,972 to be used for retirement of these bonds. This amount is on deposit in the various special assessment debt retirement funds.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION - Continued

E. Wexford County Airport Authority

The Wexford County Airport Authority is a joint venture created to construct, maintain, operate and improve the Wexford County Airport. Authority board members are appointed by the mayor with the advice and consent of the City Council and by the Wexford County Board of Commissioners. The Authority receives funding from the City and from Wexford County. The Authority's fiscal year corresponds with the County's and, because the County has majority representation on the board and provides 60% of the Authority's funding, its financial statements are included in the County's comprehensive annual financial report rather than the City's. The following financial information was taken from the Authority's December 31, 2002, audited financial statements:

Total Assets	\$ 3,990,311
Total Liabilities	57,228
Contributed Capital	213,661
Retained Earnings	57,913
Investment in General Fixed Assets	3,553,576
Fund Balance	
Reserved	30,480
Unreserved	77,453
Total Revenues	534,312
Total Expenditures/Expenses	539,239
Net Increase (Decrease) In Fund Balance/Retained Earnings	(4,927)

The Wexford County Airport Authority's total liabilities can be broken down as follows:

Accounts Payable	\$ 112
Accrued Expenses	6,024
Notes Payable (Long-Term)	36,002
Due to Other Funds	9,186
Accumulated Sick Pay (Long-Term)	5,904

The note payable is a note secured by new T-hangar buildings and a fuel farm which the Authority constructed. The note is a non-interest bearing \$46,002 promissory note due in annual installments of \$10,000 each through 2004, with a balloon payment of \$16,002 due December 15, 2005.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

IV. OTHER INFORMATION - Continued

E. Wexford County Airport Authority - Continued

The annual payments required to amortize this debt as of December 31, 2002, are as follows:

<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	<u>PAYMENT</u> <u>AMOUNT</u>
2003	\$ 10,000
2004	10,000
2005	<u>16,002</u>
	<u>\$ 36,002</u>

Complete financial statements may be obtained at: 8040 East 34 Road, Cadillac, MI 49601

F. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

G. Due from Other Governments

Amounts due from other governments consists of \$504,835 in state-shared revenues and undrawn grants.

H. Contingent Liabilities

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known.

I. Employee Retirement Systems

The City maintains a single-employer, defined benefit pension plan (Policemen and Firemen Retirement System) which covers all policemen and firemen, and participates in an agent multi-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan for coverage of substantially all of the City's general employees and the Water and Sewer System employees.

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION - Continued

I. Employee Retirement Systems - Continued

Plan Description. The **Policemen and Firemen Retirement System** (PFRS) is a single-employer defined benefit pension plan which is administered by the City. The PFRS provides retirement, disability and death benefits to all full-time members of the City's police and fire departments and their beneficiaries. Act No. 345 of the Public Acts of 1937, as amended, and the Michigan Constitution assign authority to the City's retirement board to establish and amend benefit provisions. The Cadillac Policeman and Fireman Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for a single-employer pension plan. That report may be obtained by writing to the City of Cadillac, 200 North Lake Street, Cadillac, MI 49601.

Funding Policy. The contribution requirements of the City are established and may be amended by the retirement board. Police department members are required to contribute 5.44% of their annual covered payroll. The City is required to contribute at actuarially determined rates; the current rates are 15.50% for police and 17.44% for fire of annual covered payroll. The City pays all costs of administering the plan.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the PFRS for the current year were as follows:

Annual required contribution	\$ 268,859
Interest on net pension obligation	0
Adjustment to annual required contribution	0
Annual pension cost	\$ 268,859
Contributions made	268,859
Increase (decrease) in net pension obligation	\$ 0
Net pension obligation beginning of year	0
Net pension obligation end of year	\$ 0

The annual required contribution for the current year was determined as part of the June 30, 2002, actuarial valuation using the entry-age normal cost valuation method. The actuarial assumptions included (a) 7.50% investment rate of return (administrative expenses are paid by the City) and (b) projected salary increases ranging from 4.50% to 7.50% per year. Both (a) and (b) included an inflation component of 4.50%. The assumptions did not include post-retirement benefit increases, which are currently not provided for in the plan. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed period of 16 future years.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

IV. OTHER INFORMATION - Continued

I. Employee Retirement Systems - Continued

Three-Year Trend Information for PFRS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	168,828	100.0	0
6/30/02	228,793	100.0	0
6/30/03	268,859	100.0	0

Schedule of Funding Progress for PFRS

(Dollar amounts in millions)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarially Accrued Liability(AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/00	\$ 5.7	\$ 5.6	\$ (0.1)	101.8	% \$ 1.3	(7.80) %
6/30/01	6.0	5.9	(0.1)	101.7	1.4	(7.14)
6/30/02	6.0	7.0	1.0	85.71	1.4	71.43

Plan Description. Substantially all full-time employees of the City who are not members of the Policeman and Fireman Retirement System are members of the **Municipal Employees Retirement System of Michigan** (MERS) which provides retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer pension plan administered by the State of Michigan. Act No. 427 of the Public Acts of 1984, as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the City. The MERS issues a publicly available financial report that includes statements and required supplementary information for MERS. That report may be obtained by writing to The Retirement Board, Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917.

Funding Policy. MERS members are not required to make any contributions to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll because the plan is over funded. The contribution requirements of plan members and the City are established and may be amended by the MERS board of trustees.

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

IV. OTHER INFORMATION - Continued

I. Employee Retirement Systems - Continued

Annual Pension Cost. Because the plan is overfunded, there have been no required or actual contributions for over ten years. The required contribution was most recently determined as part of the December 31, 2002 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions include (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases ranging from 4.50% to 8.66% per year. Both (a) and (b) include an inflation component of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Positive unfunded accrued liability (if any) is amortized as a level percentage of payroll over a closed period of 30 years, while negative unfunded liability (if any) is amortized as a level percentage of payroll over a closed period of 10 years.

Three-Year Trend Information for MERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
6/30/00	\$ 0	100.0	%	\$ 0
6/30/01	0	100.0		0
6/30/02	0	100.0		0

Schedule of Funding Progress for MERS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability(AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	\$ 9,439	\$ 7,371	\$ (2,068)	128.1%	\$ 2,412	(85.74%)
12/31/01	9,785	7,992	(1,793)	122.4%	2,469	(72.62%)
12/31/02	9,712	8,358	(1,354)	116.2%	2,520	(53.73%)

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION - Continued

J. Component Unit Disclosures

The following presents the condensed financial statements for each of the four discretely presented component units.

Condensed Financial Statements - Discretely Presented Component Units

Balance Sheets

	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	LOCAL DEVELOPMENT FINANCE AUTHORITY
Assets			
Current Assets	\$ 120,050	\$ 1,167	\$ 3,111,631
Fixed Assets	<u>0</u>	<u>0</u>	<u>177,578</u>
 TOTAL ASSETS	 \$ <u>120,050</u>	 \$ <u>1,167</u>	 \$ <u>3,289,209</u>
Liabilities			
Current Liabilities	\$ 5,272	\$ 0	\$ 303,251
Due to Primary Government	<u>28,145</u>	<u>0</u>	<u>2,078</u>
Total Liabilities	\$ <u>33,417</u>	\$ <u>0</u>	\$ <u>305,329</u>
Equity			
Invested in Capital Assets, Net of Related Debt	\$ 0	\$ 0	\$ 177,578
Fund Balance/ Net Assets	<u>86,633</u>	<u>1,167</u>	<u>2,806,302</u>
Total Equity	\$ <u>86,633</u>	\$ <u>1,167</u>	\$ <u>2,983,880</u>
 TOTAL LIABILITIES AND EQUITY	 \$ <u>120,050</u>	 \$ <u>1,167</u>	 \$ <u>3,289,209</u>

Continued

BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
\$ 140,744	\$ 3,373,592
0	177,578
<u>140,744</u>	<u>3,551,170</u>
\$ 0	\$ 308,523
0	30,223
<u>0</u>	<u>338,746</u>
\$ 0	\$ 177,578
140,744	3,034,846
<u>140,744</u>	<u>3,212,424</u>
<u>140,744</u>	<u>3,551,170</u>

Continued

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION - Continued

J. Component Unit Disclosures - Continued

Statements of Revenues, Expenditures, and Changes in Equity

	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	LOCAL DEVELOPMENT FINANCE AUTHORITY
Revenues	\$ 93,913	\$ 0	\$ 1,065,985
Expenditures			
Operating and Other	\$ 78,602	\$ 0	\$ 190,728
Debt Service	0	0	780,268
Total Expenditures	\$ 78,602	\$ 0	\$ 970,996
Excess of Revenues Over (Under) Expenditures	\$ 15,311	\$ 0	\$ 94,989
Transfer to Primary Government	(62,123)	0	0
Net Changes in Equity	\$ (46,812)	\$ 0	\$ 94,989
Equity - Beginning of Year	133,445	1,167	2,592,375
Equity - End of Year	\$ 86,633	\$ 1,167	\$ 2,687,364

Statements of Revenues, Expenses, and Changes in Net Assets

	L.D.F.A. UTILITIES
Revenues	\$ 16,066
Expenses	
Operating and Other	7,342
Change in Net Assets	\$ 8,724
Net Assets - Beginning of Year	72,980
Net Assets - End of Year	\$ 81,704

Continued

BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
\$ <u>43,737</u>	\$ <u>1,203,635</u>
\$ 796	\$ 270,126
0	780,268
\$ <u>796</u>	\$ <u>1,050,394</u>
\$ 42,941	\$ 153,241
0	(62,123)
\$ 42,941	\$ 91,118
<u>97,803</u>	<u>2,824,790</u>
\$ <u><u>140,744</u></u>	\$ <u><u>2,915,908</u></u>

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2003

IV. OTHER INFORMATION - Continued

K. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The City maintains a self-insurance program to provide life insurance to retired City employees and to provide health insurance benefits for all active City employees and their families. These programs are reported in the Self-Insurance Fund (an internal service fund).

On January 5, 1981, the City Council approved Resolution 81.8 which, as amended provides \$2,500 to \$4,500 of life insurance benefits for all employees who retired on or after April 1, 1968 under either the municipal employees retirement system (MERS) or under Act 345. Currently, 45 retirees meet those eligibility requirements. Expenditures for post-retirement life insurance benefits are recognized as claims are reported. During the year, no post-retirement life insurance benefits were incurred. Life insurance benefits are funded by a one-time deposit to the self-insurance fund upon retirement of individual employees. The expense is charged to the retiring employee's department. The City has \$154,574 set aside for future claims.

The health insurance program is administered by an independent company, which furnishes claims review and processing. A specific insurance policy limits the City's liability to \$10,000 for any one individual participant per year and \$325,096 for aggregate plan benefits paid to all participants per year. This policy also provides group life insurance coverage for all active City employees. All fund types are charged premiums based on the number of employees they have.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid Claims, Beginning of Year	\$ 33,170	\$ 32,588
Incurred Claims (Including IBNR's)	233,087	286,170
Claim Payments	<u>(256,446)</u>	<u>(285,588)</u>
Unpaid Claims, End of Year	\$ <u>9,811</u>	\$ <u>33,170</u>

The City participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The City pays annual premiums to each pool for the respective insurance coverage. In the event a pool member's covered loss exceeds the pools limits, all further payments become the sole obligation of the member.

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2003

	GENERAL FUND				MAJOR STREET FUND				LOCAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$3,116,200	\$3,159,200	\$3,199,302	\$ 40,102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	1,700	1,700	940	(760)	0	0	0	0	0	0	0	0
Federal Grants	17,000	10,500	5,513	(4,987)	0	0	0	0	0	0	0	0
State Grants	1,305,800	1,131,900	1,173,943	42,043	912,300	883,800	1,034,261	150,461	180,000	169,200	193,714	24,514
Contributions from Local Units	160,500	160,500	171,463	10,963	0	0	0	0	0	0	0	0
Charges for Services	451,500	798,600	796,135	(2,465)	0	0	0	0	0	0	0	0
Fines and Forfeits	28,000	28,000	28,226	226	0	0	0	0	0	0	0	0
Interest and Rents	37,000	47,000	45,331	(1,669)	3,000	3,000	16,871	13,871	0	0	497	497
Other Revenue	222,200	222,200	244,943	22,743	0	0	0	0	0	0	0	0
Total Revenues	\$5,339,900	\$5,559,600	\$5,665,796	\$ 106,196	\$ 915,300	\$ 886,800	\$1,051,132	\$ 164,332	\$ 180,000	\$ 169,200	\$ 194,211	\$ 25,011
<u>EXPENDITURES</u>												
General Government	\$1,369,500	\$1,368,800	\$1,259,454	\$ 109,346	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	2,614,100	2,583,600	2,602,234	(18,634)	0	0	0	0	0	0	0	0
Public Works	691,600	577,000	556,110	20,890	921,400	982,200	1,062,103	(79,903)	430,200	502,300	941,097	(438,797)
Culture and Recreation	183,800	181,800	172,053	9,747	0	0	0	0	0	0	0	0
Economic Development and Assistance	39,600	40,500	37,830	2,670	0	0	0	0	0	0	0	0
Intergovernmental Expenditures	297,800	297,800	295,177	2,623	0	0	0	0	0	0	0	0
Total Expenditures	\$5,196,400	\$5,049,500	\$4,922,858	\$ 126,642	\$ 921,400	\$ 982,200	\$1,062,103	\$ (79,903)	\$ 430,200	\$ 502,300	\$ 941,097	\$ (438,797)
Excess (Deficiency) of Revenues Over Expenditures	\$ 143,500	\$ 510,100	\$ 742,938	\$ 232,838	\$ (6,100)	\$ (95,400)	\$ (10,971)	\$ 84,429	\$ (250,200)	\$ (333,100)	\$ (746,886)	\$ (413,786)
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 300,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 309,700	\$ 416,600	\$ 816,992	\$ 400,392
Transfers Out	(417,400)	(510,100)	(316,862)	193,238	(75,300)	(102,200)	(101,900)	300	(83,500)	(83,500)	(79,150)	4,350
Total Other Financing Sources (Uses)	\$ (116,500)	\$ (510,100)	\$ (316,862)	\$ 193,238	\$ (75,300)	\$ (102,200)	\$ (101,900)	\$ 300	\$ 226,200	\$ 333,100	\$ 737,842	\$ 404,742
Net Change in Fund Balance	\$ 27,000	\$ 0	\$ 426,076	\$ 426,076	\$ (81,400)	\$ (197,600)	\$ (112,871)	\$ 84,729	\$ (24,000)	\$ 0	\$ (9,044)	\$ (9,044)
<u>FUND BALANCE</u> - Beginning of Year	712,634	712,634	712,634	0	404,615	404,615	476,460	71,845	24,436	24,436	10,054	(14,382)
<u>FUND BALANCE</u> - End of Year	\$ 739,634	\$ 712,634	\$1,138,710	\$ 426,076	\$ 323,215	\$ 207,015	\$ 363,589	\$ 156,574	\$ 436	\$ 24,436	\$ 1,010	\$ (23,426)

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

MAJOR STREET FUND

The Major Street Fund accounts for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

LOCAL STREET FUND

The Local Street Fund receives all local street money paid to the City by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
<u>ASSETS</u>		
Cash	\$ 22,486	\$ 55,797
Investments	887,512	800,669
Receivables		
Taxes	7,412	15,120
Accounts	29,518	73,702
Note	53,428	0
Accrued Interest	6,502	6,093
Due from Other Funds	388,498	377,710
Due from Component Units	2,252	16,726
Due from Other Governments	149,333	164,081
Inventory, At Cost	10,520	10,491
Prepaid Expenditures	136,524	34,363
TOTAL ASSETS	<u>\$ 1,693,985</u>	<u>\$ 1,554,752</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 61,553	\$ 105,987
Accrued Expenditures	33,106	35,292
Due to Other Funds	337,388	646,135
Due to Component Units	38,793	20,127
Deferred Revenue	84,435	34,577
Total Liabilities	<u>\$ 555,275</u>	<u>\$ 842,118</u>
<u>FUND BALANCE</u>		
Reserved for:		
Inventory	\$ 10,520	\$ 10,491
Prepaid Expenditures	136,524	34,363
Pistol Range	2,050	2,859
Antique Fire Truck	2,059	1,998
Veterans Memorial	1,855	1,855
Youth Services	844	684
Fountain	310	2,710
Unreserved		
Designated for:		
Sick and Vacation	111,789	111,789
Working Capital	853,253	526,379
Tax Tribunal	19,506	19,506
Total Fund Balance	<u>\$ 1,138,710</u>	<u>\$ 712,634</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,693,985</u>	<u>\$ 1,554,752</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$ 3,116,200	\$ 3,159,200	\$ 3,199,302	\$ 2,952,441
Licenses and Permits	1,700	1,700	940	1,455
Federal Grants	17,000	10,500	5,513	35,191
State Grants	1,305,800	1,131,900	1,173,943	1,300,077
Contributions from Local Units	160,500	160,500	171,463	139,266
Charges for Services	451,500	798,600	796,135	694,994
Fines and Forfeits	28,000	28,000	28,226	29,316
Interest and Rents	37,000	47,000	45,331	95,128
Other Revenue	222,200	222,200	244,943	226,171
Total Revenues	\$ 5,339,900	\$ 5,559,600	\$ 5,665,796	\$ 5,474,039
<u>EXPENDITURES</u>				
General Government	\$ 1,369,500	\$ 1,368,800	\$ 1,259,454	\$ 1,370,095
Public Safety	2,614,100	2,583,600	2,602,234	2,533,386
Public Works	691,600	577,000	556,110	720,305
Culture and Recreation	183,800	181,800	172,053	143,602
Economic Development and Assistance	39,600	40,500	37,830	39,991
Intergovernmental Expenditures	297,800	297,800	295,177	285,105
Total Expenditures	\$ 5,196,400	\$ 5,049,500	\$ 4,922,858	\$ 5,092,484
Excess (Deficiency) of Revenues Over Expenditures	\$ 143,500	\$ 510,100	\$ 742,938	\$ 381,555
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 300,900	\$ 0	\$ 0	\$ 0
Operating Transfers Out	(417,400)	(510,100)	(316,862)	(579,079)
Total Other Financing Sources (Uses)	\$ (116,500)	\$ (510,100)	\$ (316,862)	\$ (579,079)
Net Change in Fund Balance	\$ 27,000	\$ 0	\$ 426,076	\$ (197,524)
<u>FUND BALANCE</u> - Beginning of Year	712,634	712,634	712,634	910,158
<u>FUND BALANCE</u> - End of Year	\$ 739,634	\$ 712,634	\$ 1,138,710	\$ 712,634

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

<u>REVENUES</u>	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Taxes			
Property Tax	\$ 2,646,000	\$ 2,676,000	\$ 2,725,473
Industrial Facilities Tax	237,000	250,000	257,262
Property Tax Administration Fee	71,000	71,000	79,900
Trailer Park Fees	3,200	3,200	2,755
Penalties and Interest	46,000	46,000	42,849
Payments in Lieu of Tax			
Housing Commission	54,000	54,000	59,043
Community Antenna Television	59,000	59,000	32,020
Total Taxes	\$ 3,116,200	\$ 3,159,200	\$ 3,199,302
Licenses and Permits			
Business Licenses	\$ 1,700	\$ 1,700	\$ 940
Federal Grants			
Community Policing Strategies - Youth Services Officer	\$ 8,500	\$ 10,500	\$ 5,513
Domestic Violence	8,500	0	0
Total Federal Grants	\$ 17,000	\$ 10,500	\$ 5,513
State Grants			
Sales and Use Tax	\$ 1,295,000	\$ 1,121,100	\$ 1,155,242
Telecommunications Right of Way Maintenance	0	0	7,199
Liquor Licenses	7,800	7,800	7,626
MJTC Grant	3,000	3,000	3,876
Total State Grants	\$ 1,305,800	\$ 1,131,900	\$ 1,173,943
Contributions from Local Units			
Fire Protection	\$ 119,700	\$ 119,700	\$ 126,588
Cadillac Area Public Schools - Youth Services Officer	40,800	40,800	44,875
Total Contributions from Local Units	\$ 160,500	\$ 160,500	\$ 171,463

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Charges for Services			
Northflight Ambulance	\$ 0	\$ 45,000	\$ 56,250
Zoning Fees	3,300	4,000	5,625
Exemption Certificate Fees	600	600	620
Police Charges	4,600	4,600	4,797
Rental Housing Ordinance Fees	4,900	4,900	4,235
Engineering Fees	83,000	83,000	52,298
Solid Waste Collection	354,000	354,000	361,871
Sale of Maps and Ordinances	1,100	1,100	718
Administration	0	300,900	300,900
Miscellaneous	0	500	8,821
Total Charges for Services	\$ 451,500	\$ 798,600	\$ 796,135
Fines and Forfeits			
Violation Bureau and Ordinance Fines	\$ 28,000	\$ 28,000	\$ 28,226
Interest and Rents			
Interest	\$ 35,000	\$ 45,000	\$ 42,767
Land and Building Rental	2,000	2,000	2,564
Total Interest and Rents	\$ 37,000	\$ 47,000	\$ 45,331
Other Revenue			
Contributions and Donations from Private Sources	\$ 5,000	\$ 5,000	\$ 7,026
Reimbursements - Housing Commission	195,000	195,000	199,269
Private Grants - Historic District Study	0	0	6,460
Sale of Property and Equipment	15,000	15,000	24,791
Miscellaneous (Refunds and Rebates)	7,200	7,200	7,397
Total Other Revenue	\$ 222,200	\$ 222,200	\$ 244,943
TOTAL REVENUES	\$ 5,339,900	\$ 5,559,600	\$ 5,665,796

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		
	ORIGINAL	FINAL	ACTUAL
<u>GENERAL GOVERNMENT</u>			
Legislative			
Personal Services	\$ 13,200	\$ 13,200	\$ 13,200
Employee Benefits	1,100	1,100	1,022
Office Supplies	2,400	2,400	1,203
Dues and Publications	9,000	9,000	8,135
Travel and Education	19,000	14,000	10,811
Ordinances and Proceedings	4,000	4,000	4,810
	<u>\$ 48,700</u>	<u>\$ 43,700</u>	<u>\$ 39,181</u>
Manager			
Personal Services	\$ 98,100	\$ 107,000	\$ 108,536
Employee Benefits	22,200	22,200	13,834
Office Supplies	1,400	1,400	2,221
Postage	200	200	184
Data Processing	2,400	2,400	2,400
Dues and Publications	3,500	3,500	3,021
Telephone	1,900	1,900	1,423
Travel and Education	6,100	4,100	4,880
Vehicle Lease	4,300	4,300	4,320
Capital Outlay	0	0	510
	<u>\$ 140,100</u>	<u>\$ 147,000</u>	<u>\$ 141,329</u>
Administrative Service			
Personal Services	\$ 45,800	\$ 42,900	\$ 38,908
Employee Benefits	12,100	12,100	10,272
Office Supplies	1,500	1,500	2,444
Postage	600	600	946
Data Processing	2,400	2,400	2,400
Contractual Services	30,000	45,000	36,760
Dues and Publications	2,000	2,000	1,669
Telephone	200	200	156
Travel and Education	1,500	1,500	1,960
Suggestion Award Program	300	300	75
	<u>\$ 96,400</u>	<u>\$ 108,500</u>	<u>\$ 95,590</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Election			
Personal Services	\$ 4,800	\$ 4,800	\$ 4,016
Office Supplies	1,000	2,000	2,304
	<u>\$ 5,800</u>	<u>\$ 6,800</u>	<u>\$ 6,320</u>
Finance			
Personal Services	\$ 114,000	\$ 114,000	\$ 116,148
Employee Benefits	30,000	30,000	29,625
Office Supplies	21,000	15,000	13,615
Postage	2,100	2,100	2,297
Data Processing	10,500	10,500	10,500
Audit	7,200	7,200	7,120
Dues and Publications	6,000	6,000	5,497
Telephone	1,200	1,200	1,055
Travel and Education	8,000	5,000	4,299
Capital Outlay	3,500	0	0
	<u>\$ 203,500</u>	<u>\$ 191,000</u>	<u>\$ 190,156</u>
Assessor			
Employee Benefits	\$ 0	\$ 0	\$ 67
Office Supplies	200	200	73
Postage	1,800	1,800	2,380
Data Processing	24,800	24,800	24,800
Contractual Services	46,000	36,000	8,760
Wexford County Contract	88,000	88,000	71,215
Board of Review	800	800	949
	<u>\$ 161,600</u>	<u>\$ 151,600</u>	<u>\$ 108,244</u>
Legal			
Office Supplies	\$ 1,900	\$ 1,900	\$ 0
Contractual Services	72,100	72,100	75,000
Travel and Education	900	900	600
	<u>\$ 74,900</u>	<u>\$ 74,900</u>	<u>\$ 75,600</u>
City Clerk/Treasurer			
Personal Services	\$ 115,000	\$ 118,000	\$ 116,922
Employee Benefits	46,300	46,300	37,542
Office Supplies	2,100	2,100	1,880
Postage	4,800	4,800	3,787
Data Processing	25,700	25,700	25,700

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Dues and Publications	800	800	715
Telephone	200	200	12
Travel and Education	3,200	2,700	2,480
Bad Debt Expense	20,000	15,000	(4,887)
	<u>\$ 218,100</u>	<u>\$ 215,600</u>	<u>\$ 184,151</u>
City Hall			
Personal Services	\$ 38,100	\$ 44,400	\$ 41,853
Employee Benefits	19,400	19,400	19,349
Operating Supplies	11,400	11,400	14,472
Contractual Services	15,400	15,400	12,662
Service Contracts	8,500	8,500	9,413
Insurance	49,000	65,000	64,616
Utilities	70,000	70,000	72,743
Repairs and Maintenance	20,000	20,000	17,115
Equipment Rental	1,600	1,600	1,765
Capital Outlay	20,200	12,200	9,732
Parking Lot	1,800	1,800	1,711
	<u>\$ 255,400</u>	<u>\$ 269,700</u>	<u>\$ 265,431</u>
Engineer			
Personal Services	\$ 102,000	\$ 96,300	\$ 91,635
Employee Benefits	32,000	32,000	30,680
Office Supplies	3,000	3,000	3,540
Postage	200	200	148
Contractual Services	11,700	11,700	11,755
Data Processing	9,700	9,700	9,700
Dues and Publications	1,000	1,000	450
Telephone	600	600	427
Travel and Education	1,600	1,600	1,273
Equipment Rental	3,200	3,200	3,169
Capital Outlay	0	700	675
	<u>\$ 165,000</u>	<u>\$ 160,000</u>	<u>\$ 153,452</u>
Total General Government	<u>\$ 1,369,500</u>	<u>\$ 1,368,800</u>	<u>\$ 1,259,454</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<u>PUBLIC SAFETY</u>			
Police			
Personal Services			
Supervisory	\$ 132,000	\$ 120,000	\$ 125,828
Regular	690,000	525,000	544,094
Staff	0	81,000	59,615
Overtime	58,000	58,000	56,249
Crossing Guards	10,900	10,900	8,085
Volunteers	5,000	5,000	2,750
Summer Patrol	22,400	22,400	18,527
Employee Benefits	400,000	461,000	445,014
Office Supplies	6,000	6,000	7,553
Operating Supplies	38,600	38,600	39,836
Community Service Supplies	2,900	2,900	964
Uniform Cleaning	10,000	10,000	9,031
Data Processing	31,500	31,500	31,500
Dues and Publications	2,300	2,300	1,812
Radio and Equipment Maintenance	4,500	4,500	3,189
Telephone	7,300	7,300	3,908
Travel and Education	28,000	23,000	23,015
Car Allowance	3,000	3,000	2,750
Vehicle Repairs and Maintenance	30,600	30,600	28,538
Uniforms and Maintenance	15,800	15,800	12,689
Equipment Rental	17,300	17,300	18,168
Copier Lease	2,500	2,500	2,585
Capital Outlay	20,000	30,000	29,706
	<u>\$ 1,538,600</u>	<u>\$ 1,508,600</u>	<u>\$ 1,475,406</u>
Fire			
Personal Services			
Supervisory	\$ 30,500	\$ 26,000	\$ 25,426
Regular	485,900	506,700	511,764
Volunteers	40,000	30,000	23,724
Employee Benefits	230,000	230,000	276,205
Office Supplies	1,200	1,200	1,378
Operating Supplies	20,100	20,100	19,645
Community Service Supplies	2,500	2,500	1,526

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Uniform Cleaning	2,200	2,200	2,242
Subsistence Allowance	10,600	10,600	14,001
Data Processing	5,200	5,200	5,200
Dues and Publications	1,300	1,300	1,364
Radio and Equipment Maintenance	3,600	3,600	3,242
Building Maintenance	1,300	0	0
Telephone	3,000	3,000	796
Travel and Education	13,500	10,000	9,240
Vehicle Repairs and Maintenance	15,100	15,100	14,274
Uniforms and Maintenance	15,600	15,600	13,396
Employee Safety	3,200	3,200	3,200
Capital Outlay	10,700	8,700	1,277
Debt Service			
Principal	100,000	100,000	100,000
Interest	5,000	5,000	6,973
	<u>\$ 1,000,500</u>	<u>\$ 1,000,000</u>	<u>\$ 1,034,873</u>
Planning and Zoning			
Personal Services	\$ 45,000	\$ 45,000	\$ 55,131
Employee Benefits	15,300	15,300	16,492
Office Supplies	1,100	1,100	1,519
Postage	500	500	594
Contractual Services	6,000	6,000	11,599
Data Processing	2,400	2,400	2,400
Dues and Publications	1,100	1,100	1,396
Telephone	600	600	292
Travel and Education	900	900	288
Publishing	500	500	804
Equipment Rental	1,600	1,600	1,440
	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 91,955</u>
Total Public Safety	<u>\$ 2,614,100</u>	<u>\$ 2,583,600</u>	<u>\$ 2,602,234</u>
<u>PUBLIC WORKS</u>			
Miscellaneous			
Personal Services	\$ 3,700	\$ 3,700	\$ 2,449
Employee Benefits	1,600	1,600	1,345
Property Taxes	2,600	2,600	777

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Street Lighting	92,500	82,500	85,781
Maintenance of Dam	1,500	1,500	1,390
Equipment Rental	8,900	8,900	7,758
Hydrant Rental	21,300	21,300	21,782
	<u>\$ 132,100</u>	<u>\$ 122,100</u>	<u>\$ 121,282</u>
Sidewalks			
Personal Services	\$ 13,700	\$ 13,700	\$ 8,036
Employee Benefits	4,700	4,700	4,415
Operating Supplies	1,600	1,600	2,126
Contractual Services	14,100	14,100	5,984
Equipment Rental	9,500	9,500	18,354
	<u>\$ 43,600</u>	<u>\$ 43,600</u>	<u>\$ 38,915</u>
Leaves			
Personal Services	\$ 6,800	\$ 6,800	\$ 5,986
Employee Benefits	3,000	3,000	3,288
Equipment Rental	39,600	29,600	25,282
	<u>\$ 49,400</u>	<u>\$ 39,400</u>	<u>\$ 34,556</u>
Forestry			
Personal Services	\$ 42,000	\$ 0	\$ 0
Employee Benefits	17,800	0	0
Operating Supplies	3,500	0	0
Contractual Services	2,500	0	0
Travel and Education	700	0	0
Equipment Rental	37,400	0	0
Capital Outlay	700	0	0
	<u>\$ 104,600</u>	<u>\$ 0</u>	<u>\$ 0</u>
Grass and Weed Control			
Personal Services	\$ 3,700	\$ 4,500	\$ 3,640
Employee Benefits	1,600	1,600	2,000
Equipment Rental	6,900	8,500	9,807
	<u>\$ 12,200</u>	<u>\$ 14,600</u>	<u>\$ 15,447</u>
Composting			
Personal Services	\$ 5,000	\$ 4,200	\$ 3,876
Employee Benefits	2,100	2,100	2,129
Contractual Services	1,200	1,200	0
Equipment Rental	5,000	3,400	3,394
	<u>\$ 13,300</u>	<u>\$ 10,900</u>	<u>\$ 9,399</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Waste Removal			
Personal Services	\$ 200	\$ 200	\$ 132
Employee Benefits	100	100	73
Operating Supplies	0	400	350
Removal Contract	333,000	342,600	332,746
County Landfill Fees	2,900	2,900	3,127
Equipment Rental	200	200	83
	<u>\$ 336,400</u>	<u>\$ 346,400</u>	<u>\$ 336,511</u>
Total Public Works	<u>\$ 691,600</u>	<u>\$ 577,000</u>	<u>\$ 556,110</u>
 <u>CULTURE AND RECREATION</u>			
Arts Council	\$ 10,500	\$ 10,500	\$ 10,500
Historic District Study	0	0	6,313
Parks			
Personal Services	62,100	65,100	67,651
Employee Benefits	13,000	13,000	13,167
Operating Supplies	16,600	16,200	13,287
Contractual Services	2,000	2,400	5,084
Telephone	900	900	550
Travel and Education	200	200	185
Utilities	13,000	13,000	10,157
Repairs and Maintenance	16,000	16,000	20,548
Equipment Rental	10,400	10,400	13,896
Building Rental	1,100	1,100	0
Capital Outlay	38,000	33,000	10,715
	<u>\$ 183,800</u>	<u>\$ 181,800</u>	<u>\$ 172,053</u>
Total Culture and Recreation			
 <u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>			
Community Promotions			
Personal Services	\$ 10,700	\$ 13,200	\$ 10,851
Employee Benefits	4,700	4,700	5,961
Operating Supplies	1,600	1,600	1,369
Newsletter	4,600	3,000	1,667
Contractual Services	4,800	4,800	4,768
Utilities	2,200	2,200	930

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Equipment Rental	7,500	7,500	9,879
Special Projects	2,500	2,500	1,405
Chamber of Commerce	1,000	1,000	1,000
Total Economic Development and Assistance	\$ 39,600	\$ 40,500	\$ 37,830
<u>INTERGOVERNMENTAL EXPENDITURES</u>			
Recreation			
Cadillac Community Schools Recreation Program	\$ 66,200	\$ 66,200	\$ 66,200
Wexford County Swimmers' Itch Control Program	5,500	5,500	0
Housing			
Cadillac Housing Commission	195,000	195,000	198,020
Airport			
Wexford County Airport Authority	30,200	30,200	30,200
Clam Lake Township	900	900	757
Total Intergovernmental Expenditures	\$ 297,800	\$ 297,800	\$ 295,177
TOTAL EXPENDITURES	\$ 5,196,400	\$ 5,049,500	\$ 4,922,858
<u>OTHER FINANCING USES</u>			
Transfers Out			
Sick and Vacation Funding	\$ 77,700	\$ 160,400	\$ 0
Local Street Fund	269,700	349,700	313,700
Policemen and Firemen Retirement Fund	61,000	0	0
Building Inspection Fund	9,000	0	0
White Pine Trail Fund	0	0	3,162
	\$ 417,400	\$ 510,100	\$ 316,862

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 42,910	\$ 24,121
Investments	278,908	395,960
Receivables		
Accrued Interest	6,599	8,120
Due from Other Funds	72,145	5,169
Due from Other Governments	110,967	99,973
Prepaid Expenditures	176	140
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 511,705</u>	<u>\$ 533,483</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,309	\$ 980
Accrued Expenditures	318	2,225
Due to Other Funds	146,489	53,818
	<hr/>	<hr/>
Total Liabilities	<u>\$ 148,116</u>	<u>\$ 57,023</u>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 176	\$ 140
Unreserved		
Designated for Street Improvements	363,413	476,320
	<hr/>	<hr/>
Total Fund Balance	<u>\$ 363,589</u>	<u>\$ 476,460</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 511,705</u>	<u>\$ 533,483</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Federal Construction Grant	\$ 340,000	\$ 340,000	\$ 438,609	\$ 0
State Grants				
Motor Vehicle Highway Fund (Act 51)	475,000	446,500	483,700	477,583
State Trunkline Maintenance	97,300	97,300	111,952	102,905
State Construction Grant	0	0	0	29,992
Interest and Rents				
Interest	3,000	3,000	16,871	14,574
Total Revenues	\$ 915,300	\$ 886,800	\$ 1,051,132	\$ 625,054
<u>EXPENDITURES</u>				
Major Streets				
Construction - Streets	\$ 480,000	\$ 509,000	\$ 582,424	\$ 72,295
Surface Maintenance				
Personal Services	\$ 27,000	\$ 26,000	\$ 11,616	\$ 10,952
Employee Benefits	11,700	11,700	6,381	5,495
Materials	12,600	13,600	11,192	7,619
Equipment Rental	17,200	17,200	10,295	10,633
	\$ 68,500	\$ 68,500	\$ 39,484	\$ 34,699
Sweeping and Flushing				
Personal Services	\$ 3,400	\$ 3,400	\$ 2,849	\$ 3,257
Employee Benefits	1,500	1,500	1,565	1,719
Equipment Rental	15,800	15,800	17,984	20,493
	\$ 20,700	\$ 20,700	\$ 22,398	\$ 25,469
Forestry				
Personal Services	\$ 0	\$ 12,600	\$ 11,279	\$ 0
Employee Benefits	0	5,400	6,196	0
Materials	0	1,300	2,275	0
Repairs and Maintenance	0	200	118	0
Contractual Services	0	800	0	0

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	BUDGET		2003	2002
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Travel and Education	0	700	0	0
Equipment Rental	0	10,800	16,189	0
	\$ 0	\$ 31,800	\$ 36,057	\$ 0
Catch Basins				
Personal Services	\$ 4,900	\$ 4,900	\$ 1,463	\$ 0
Employee Benefits	1,100	1,100	654	0
Materials	5,300	5,300	4,341	0
Contractual Services	9,200	9,200	3,103	10,948
Equipment Rental	5,400	5,400	1,362	0
	\$ 25,900	\$ 25,900	\$ 10,923	\$ 10,948
Drainage				
Personal Services	\$ 4,400	\$ 4,400	\$ 3,384	\$ 3,339
Employee Benefits	2,000	2,000	1,859	1,750
Materials	100	100	0	0
Equipment Rental	1,400	1,400	1,906	1,167
	\$ 7,900	\$ 7,900	\$ 7,149	\$ 6,256
Traffic Services				
Personal Services	\$ 11,300	\$ 11,300	\$ 10,992	\$ 11,889
Employee Benefits	4,900	4,900	6,038	6,415
Materials	8,300	8,300	10,316	11,625
Equipment Rental	6,200	6,200	5,612	5,954
Contractual Services	11,700	15,700	17,362	11,478
	\$ 42,400	\$ 46,400	\$ 50,320	\$ 47,361
Winter Maintenance				
Personal Services	\$ 19,500	\$ 19,500	\$ 18,468	\$ 15,412
Employee Benefits	8,500	8,500	10,145	8,334
Materials	12,300	12,300	15,272	12,042
Equipment Rental	38,000	34,000	53,544	41,261
	\$ 78,300	\$ 74,300	\$ 97,429	\$ 77,049
Administration				
Personal Services	\$ 34,300	\$ 34,300	\$ 31,626	\$ 31,355
Employee Benefits	10,900	10,900	17,373	16,290
Audit	1,600	1,600	1,875	1,675
Data Processing	13,900	13,900	13,900	13,900

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	BUDGET		2003	2002
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Travel and Education	1,400	1,400	0	0
Equipment Rental	5,700	5,700	8,036	7,088
Administrative	32,300	32,300	32,300	28,597
	<u>\$ 100,100</u>	<u>\$ 100,100</u>	<u>\$ 105,110</u>	<u>\$ 98,905</u>
State Trunkline Maintenance				
Surface Maintenance				
Personal Services	\$ 1,400	\$ 1,400	\$ 828	\$ 1,121
Employee Benefits	600	600	455	606
Materials	1,000	1,000	322	907
Equipment Rental	900	900	1,328	903
	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 2,933</u>	<u>\$ 3,537</u>
Sweeping and Flushing				
Personal Services	\$ 500	\$ 500	\$ 510	\$ 249
Employee Benefits	200	200	280	135
Equipment Rental	1,800	1,800	2,703	1,436
	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 3,493</u>	<u>\$ 1,820</u>
Winter Maintenance				
Personal Services	\$ 17,800	\$ 17,800	\$ 14,973	\$ 15,356
Employee Benefits	7,700	7,700	8,225	8,304
Materials	20,000	17,600	20,082	17,697
Equipment Rental	27,000	27,000	32,518	30,062
	<u>\$ 72,500</u>	<u>\$ 70,100</u>	<u>\$ 75,798</u>	<u>\$ 71,419</u>
Traffic Signals				
Utilities	\$ 6,500	\$ 6,500	\$ 6,893	\$ 7,755
Drainage				
Personal Services	\$ 1,200	\$ 1,200	\$ 355	\$ 0
Employee Benefits	500	500	195	0
Materials	500	500	3,212	0
Repairs and Maintenance	500	500	0	0
Equipment Rental	100	100	11	0
Contractual Services	1,000	3,400	9,928	3,717
	<u>\$ 3,800</u>	<u>\$ 6,200</u>	<u>\$ 13,701</u>	<u>\$ 3,717</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Snow Hauling				
Personal Services	\$ 2,800	\$ 2,800	\$ 2,292	\$ 3,192
Employee Benefits	1,200	1,200	1,259	1,726
Equipment Rental	4,400	4,400	4,440	5,662
	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>\$ 7,991</u>	<u>\$ 10,580</u>
 Total Expenditures	 <u>\$ 921,400</u>	 <u>\$ 982,200</u>	 <u>\$ 1,062,103</u>	 <u>\$ 471,810</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>\$ (6,100)</u>	 <u>\$ (95,400)</u>	 <u>\$ (10,971)</u>	 <u>\$ 153,244</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)				
1990 Michigan Transportation Fund Debt Retirement Fund	\$ (35,300)	\$ (35,300)	\$ (35,000)	\$ (37,600)
Local Street Fund	(40,000)	(66,900)	(66,900)	(40,000)
	<u>(75,300)</u>	<u>(102,200)</u>	<u>(101,900)</u>	<u>(77,600)</u>
Net Other Financing Sources (Uses)	<u>\$ (75,300)</u>	<u>\$ (102,200)</u>	<u>\$ (101,900)</u>	<u>\$ (77,600)</u>
 Net Change in Fund Balance	 <u>\$ (81,400)</u>	 <u>\$ (197,600)</u>	 <u>\$ (112,871)</u>	 <u>\$ 75,644</u>
 <u>FUND BALANCE</u> - Beginning of Year	 <u>404,615</u>	 <u>404,615</u>	 <u>476,460</u>	 <u>400,816</u>
 <u>FUND BALANCE</u> - End of Year	 <u><u>\$ 323,215</u></u>	 <u><u>\$ 207,015</u></u>	 <u><u>\$ 363,589</u></u>	 <u><u>\$ 476,460</u></u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 1,293	\$ 45,624
Due from Other Funds	58,989	15,719
Due from Other Governments	33,447	32,010
Prepaid Expenditures	152	140
	<hr/>	
TOTAL ASSETS	\$ 93,881	\$ 93,493
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Expenditures	\$ 4,273	\$ 2,265
Due to Other Funds	88,598	81,174
	<hr/>	
Total Liabilities	\$ 92,871	\$ 83,439
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 152	\$ 140
Unreserved		
Designated for Street Improvements	858	9,914
	<hr/>	
Total Fund Balance	\$ 1,010	\$ 10,054
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 93,881	\$ 93,493
	<hr/>	

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
State Grants				
Motor Vehicle Highway Fund (Act 51)	\$ 180,000	\$ 169,200	\$ 193,714	\$ 191,379
Interest and Rents				
Interest	0	0	497	379
Total Revenues	\$ 180,000	\$ 169,200	\$ 194,211	\$ 191,758
<u>EXPENDITURES</u>				
Street Construction				
Contractual Services	\$ 33,000	\$ 33,000	\$ 513,986	\$ 503,266
Surface Maintenance				
Personal Services	\$ 21,600	\$ 19,300	\$ 19,180	\$ 18,488
Employee Benefits	9,400	9,400	10,536	9,618
Materials	15,900	15,900	19,797	16,577
Equipment Rental	20,300	22,600	20,349	22,957
	\$ 67,200	\$ 67,200	\$ 69,862	\$ 67,640
Sweeping and Flushing				
Personal Services	\$ 9,000	\$ 9,000	\$ 5,600	\$ 6,625
Employee Benefits	3,900	3,900	3,076	3,471
Equipment Rental	49,200	49,200	34,992	39,289
	\$ 62,100	\$ 62,100	\$ 43,668	\$ 49,385
Forestry				
Personal Services	\$ 0	\$ 29,400	\$ 26,030	\$ 0
Employee Benefits	0	12,400	14,299	0
Materials	0	2,200	2,914	0
Contractual Services	0	1,900	2,100	0
Equipment Rental	0	26,200	33,566	0
	\$ 0	\$ 72,100	\$ 78,909	\$ 0
Catch Basins				
Personal Services	\$ 23,500	\$ 23,500	\$ 12,048	\$ 0
Employee Benefits	6,500	6,500	1,398	0
Materials	1,500	1,500	7,267	0
Contractual Services	7,000	7,000	697	19,283

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Utilities	0	400	381	0
Repairs & Maintenance	1,000	600	0	0
Equipment Rental	39,200	39,200	4,995	0
	<u>\$ 78,700</u>	<u>\$ 78,700</u>	<u>\$ 26,786</u>	<u>\$ 19,283</u>
Drainage				
Personal Services	\$ 9,100	\$ 9,100	\$ 5,403	\$ 8,272
Employee Benefits	4,000	4,000	2,968	4,403
Materials	300	300	0	14
Equipment Rental	3,200	3,200	3,247	2,747
	<u>\$ 16,600</u>	<u>\$ 16,600</u>	<u>\$ 11,618</u>	<u>\$ 15,436</u>
Traffic Services				
Personal Services	\$ 8,400	\$ 8,400	\$ 7,855	\$ 8,707
Employee Benefits	3,600	3,600	4,315	4,708
Materials	1,900	1,900	1,815	2,786
Contractual Services	1,100	1,100	0	0
Equipment Rental	2,400	2,400	3,422	3,667
	<u>\$ 17,400</u>	<u>\$ 17,400</u>	<u>\$ 17,407</u>	<u>\$ 19,868</u>
Winter Maintenance				
Personal Services	\$ 15,400	\$ 15,400	\$ 13,823	\$ 14,877
Employee Benefits	6,700	6,700	7,593	8,045
Materials	7,600	7,600	11,049	8,253
Equipment Rental	34,300	29,000	46,987	43,800
	<u>\$ 64,000</u>	<u>\$ 58,700</u>	<u>\$ 79,452</u>	<u>\$ 74,975</u>
Administration				
Personal Services	\$ 34,300	\$ 34,300	\$ 33,019	\$ 31,008
Employee Benefits	10,900	10,900	18,138	16,102
Audit	1,500	1,800	1,760	1,550
Data Processing	10,500	10,500	10,500	10,500
Equipment Rental	5,700	10,700	7,692	7,089
Administrative	28,300	28,300	28,300	25,100
	<u>\$ 91,200</u>	<u>\$ 96,500</u>	<u>\$ 99,409</u>	<u>\$ 91,349</u>
Total Expenditures	<u>\$ 430,200</u>	<u>\$ 502,300</u>	<u>\$ 941,097</u>	<u>\$ 841,202</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>BUDGET</u>		<u>2003</u>	<u>2002</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess (Deficiency) of				
Revenues Over Expenditures	\$ (250,200)	\$ (333,100)	\$ (746,886)	\$ (649,444)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)				
General Fund	\$ 269,700	\$ 349,700	\$ 313,700	\$ 490,500
Special Assessments Capital Projects Fund	0	0	82,760	91,382
Capital Projects Trust Fund	0	0	0	33,900
Plett Road Paving Project	0	0	0	64,012
James E. Potvin Industrial Park Fund	0	0	353,632	0
Major Street Fund	40,000	66,900	66,900	40,000
1997 Michigan Transportation Fund				
Debt Retirement Fund	(10,000)	(10,000)	(10,000)	(9,900)
1992 Michigan Transportation Fund				
Debt Retirement Fund	(150)	(150)	(150)	(15,932)
1996 Michigan Transportation Fund				
Debt Retirement Fund	(25,000)	(25,000)	(25,000)	(20,800)
1993 Michigan Transportation Fund				
Debt Retirement Fund	(18,000)	(18,000)	(18,000)	(19,400)
2000 Michigan Transportation Fund				
Debt Retirement Fund	(30,350)	(30,350)	(26,000)	(21,300)
Net Other Financing Sources (Uses)	\$ 226,200	\$ 333,100	\$ 737,842	\$ 632,462
Net Change In Fund Balance	\$ (24,000)	\$ 0	\$ (9,044)	\$ (16,982)
<u>FUND BALANCE</u> - Beginning of Year	24,436	24,436	10,054	27,036
<u>FUND BALANCE</u> - End of Year	\$ 436	\$ 24,436	\$ 1,010	\$ 10,054

MAJOR PROPRIETARY FUNDS

WATER AND SEWER FUND

The Water and Sewer Fund records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant.

BUILDING AUTHORITY OPERATING FUND

The Building Authority Operating Fund was established to account for the rental of the DNR building.

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 74,634	\$ 45,965
Investments	2,434,775	4,678,366
Receivables		
Accounts	225,972	424,815
Unbilled Services	245,171	220,306
Accrued Interest	28,659	36,411
Cylinder Deposits	10,500	10,500
Due from Other Funds	6,077	182,191
Due from Component Units	408	5,607
Due from Other Governments	50,000	0
Inventory, At Cost	181,344	200,506
Prepaid Expense	25,666	2,956
	<hr/>	<hr/>
Total Current Assets	\$ 3,283,206	\$ 5,807,623
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve Account	\$ 1,464,203	\$ 1,196,742
Bond Replacement Account	410,711	343,607
	<hr/>	<hr/>
Total Restricted Assets	\$ 1,874,914	\$ 1,540,349
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land and Land Improvements	\$ 124,058	\$ 124,058
Buildings	916,952	916,952
Improvements Other than Buildings	25,108,306	22,174,505
Machinery and Equipment	1,102,367	1,040,119
Construction Work in Progress	551,632	741,470
	<hr/>	<hr/>
	\$ 27,803,315	\$ 24,997,104
Less Accumulated Depreciation	10,350,407	9,683,793
Net Fixed Assets	<hr/>	<hr/>
	\$ 17,452,908	\$ 15,313,311
	<hr/>	<hr/>
<u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	\$ 185,262	\$ 205,756
	<hr/>	<hr/>
TOTAL ASSETS	<hr/>	<hr/>
	\$ 22,796,290	\$ 22,867,039
	<hr/>	<hr/>

	2003	2002
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 216,332	\$ 83,349
Accrued Interest	135,711	140,607
Other Accrued Expenses	154,377	140,169
Due to Other Funds	20,280	88,002
Utility Deposits	971	0
Current Portion of Revenue Bonds	330,000	310,000
Total Current Liabilities	\$ 857,671	\$ 762,127
 <u>LONG-TERM LIABILITIES</u>		
1993 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	\$ 766,345	\$ 1,016,265
1995 Revenue Bonds	360,000	360,000
1999 Revenue and Refunding Bonds (Net of Deferred Refunding Amount)	1,586,180	1,637,941
2001 Revenue Bonds (Net of Deferred Refunding Amount)	5,098,758	5,099,423
Total Long-Term Liabilities	\$ 7,811,283	\$ 8,113,629
TOTAL LIABILITIES	\$ 8,668,954	\$ 8,875,756
 <u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 9,175,914	\$ 6,749,075
Restricted for Debt Service	1,874,914	1,540,349
Unrestricted	3,076,508	5,701,859
TOTAL NET ASSETS	\$ 14,127,336	\$ 13,991,283

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2003	2002
<u>OPERATING REVENUES</u>		
Sewer Charges to Customers	\$ 1,860,948	\$ 1,879,947
Water Charges to Customers	944,541	964,048
Fire Protection	60,824	56,732
Hydrant Rental	21,691	21,600
Hazardous Waste Removal	21,769	0
Sales of Services and Materials	127,073	126,229
	<hr/>	<hr/>
Total Operating Revenues	\$ 3,036,846	\$ 3,048,556
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 647,137	\$ 647,432
Contractual Services	405,338	409,758
Supplies	330,795	253,551
Heat, Light and Power	206,925	193,974
Depreciation and Amortization	690,602	636,471
Employee Benefits	352,659	325,178
Administrative	168,300	152,000
	<hr/>	<hr/>
Total Operating Expenses	\$ 2,801,756	\$ 2,618,364
	<hr/>	<hr/>
Operating Income	\$ 235,090	\$ 430,192
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 51,149	\$ 281,067
Interest and Fiscal Charges	(435,042)	(305,943)
State Wellhead Protection Grant	50,000	0
Transfer In - Potvin Industrial Park Fund	234,856	228,413
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (99,037)	\$ 203,537
	<hr/>	<hr/>
Change in Net Assets	\$ 136,053	\$ 633,729
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	13,991,283	13,357,554
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> -End of Year	\$ 14,127,336	\$ 13,991,283
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,211,728	\$ 2,682,634
Cash Payments to Suppliers for Goods and Services	(1,220,924)	(1,407,387)
Cash Payments to Employees for Services	(632,929)	(629,414)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 1,357,875	\$ 645,833
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Proceeds of Revenue and Revenue Refunding Bonds	\$ 0	\$ 5,156,807
Acquisition and Construction of Capital Assets	(2,570,356)	(1,081,404)
Principal Paid on Bonds	(310,000)	(2,220,000)
Interest Paid on Bonds	(415,777)	(259,837)
Payment to Advance Refunding Escrow	0	(125,488)
Bond Issuance Costs	0	(55,266)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (3,296,133)	\$ 1,414,812
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 58,901	\$ 337,949
Purchase of Investment Securities	(793,901)	(3,275,922)
Proceeds from Sale and Maturities of Investment Securities	2,701,927	755,000
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 1,966,927	\$ (2,182,973)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 28,669	\$ (122,328)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<hr/> 45,965	<hr/> 168,293
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<hr/> \$ 74,634	<hr/> \$ 45,965
	<hr/>	<hr/>
<u>SIGNIFICANT NONCASH TRANSACTIONS</u>		
Contributed Investment in System	\$ 235,856	\$ 228,413

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 235,090	\$ 430,192
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation and Amortization	\$ 690,602	\$ 636,471
(Increase) Decrease in Current Assets		
Accounts Receivable	173,978	(182,796)
Due from Other Funds	176,114	(177,519)
Due from Component Units	5,199	(5,607)
Inventory	19,162	3,396
Prepaid Expense	(22,710)	(18)
Increase (Decrease) in Current Liabilities		
Accounts Payable	132,983	12,150
Other Accrued Expenses	14,208	18,018
Due to Other Funds	(67,722)	(88,454)
Utility Deposits	971	0
Total Adjustments	<u>\$ 1,122,785</u>	<u>\$ 215,641</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,357,875</u></u>	<u><u>\$ 645,833</u></u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>ADMINISTRATIVE</u>			
Personal Services	\$ 232,600	\$ 243,673	\$ 239,083
Employee Benefits	77,200	139,980	131,772
Office Supplies	8,500	9,251	6,568
Postage	9,200	10,080	9,075
Safety Supplies	3,500	4,215	2,086
Property Taxes	7,100	7,017	5,718
Contractual Services	63,300	41,631	85,635
Engineering Fees	14,000	7,184	1,860
Audit	4,500	4,500	4,400
State Mandated Fees	11,000	12,885	11,981
Data Processing	35,800	33,800	33,800
Bad Debt Expenses	200	5,389	449
Insurance	36,700	37,093	34,595
Dues and Publications	2,500	3,246	3,155
Repairs and Maintenance	1,300	64	860
Telephone	3,000	2,972	3,847
Alarm System	6,300	5,255	3,270
Travel and Education	6,100	8,305	6,347
Employee Safety	1,200	1,292	1,264
Public Relations	300	206	1,434
Grant Match	12,000	0	0
Administration	168,300	168,300	152,000
	<u>\$ 704,600</u>	<u>\$ 746,338</u>	<u>\$ 739,199</u>
<u>BUILDINGS AND WATER TANK</u>			
Personal Services	\$ 16,000	\$ 5,261	\$ 7,930
Employee Benefits	6,400	2,770	3,737
Operating Supplies	9,900	12,136	7,103
Repairs and Maintenance	1,600	879	470
	<u>\$ 33,900</u>	<u>\$ 21,046</u>	<u>\$ 19,240</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>GENERAL STREET EXPENSE</u>			
Personal Services	\$ 1,500	\$ 404	\$ 446
Employee Benefits	600	212	216
Operating Supplies	5,300	12,428	5,740
Contractual Services	25,000	23,860	26,137
	<u>\$ 32,400</u>	<u>\$ 36,904</u>	<u>\$ 32,539</u>
<u>METER READING AND COLLECTION</u>			
Personal Services	\$ 27,500	\$ 16,531	\$ 20,425
Employee Benefits	11,000	8,702	9,892
Operating Supplies	1,000	0	150
	<u>\$ 39,500</u>	<u>\$ 25,233</u>	<u>\$ 30,467</u>
<u>CUSTOMER SERVICES</u>			
Personal Services	\$ 17,500	\$ 5,545	\$ 8,530
Employee Benefits	7,000	2,919	4,122
	<u>\$ 24,500</u>	<u>\$ 8,464</u>	<u>\$ 12,652</u>
<u>PUMPING STATION</u>			
Personal Services	\$ 15,000	\$ 3,684	\$ 4,321
Employee Benefits	6,000	1,940	2,074
Operating Supplies	7,500	9,600	5,231
Chemicals	19,000	16,696	20,648
Laboratory Control	21,000	20,393	22,393
Utilities	91,600	90,902	90,013
Repairs and Maintenance	2,100	1,250	1,867
	<u>\$ 162,200</u>	<u>\$ 144,465</u>	<u>\$ 146,547</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>MAINTENANCE - MAINS AND HYDRANTS</u>			
Personal Services	\$ 54,200	\$ 58,923	\$ 39,213
Employee Benefits	18,800	31,019	18,462
Operating Supplies	24,000	36,730	24,776
Contractual Services	5,000	8,263	4,660
	<u>\$ 102,000</u>	<u>\$ 134,935</u>	<u>\$ 87,111</u>
<u>MAINTENANCE - SERVICE CONNECTIONS</u>			
Personal Services	\$ 4,500	\$ 7,185	\$ 1,637
Employee Benefits	1,800	3,783	793
Operating Supplies	1,500	9,014	2,179
Contractual Services	0	9,250	0
Repairs and Maintenance	200	0	0
	<u>\$ 8,000</u>	<u>\$ 29,232</u>	<u>\$ 4,609</u>
<u>METER - OPERATIONS</u>			
Personal Services	\$ 54,100	\$ 80,331	\$ 99,310
Employee Benefits	22,000	42,290	46,873
Operating Supplies	16,600	22,710	10,567
	<u>\$ 92,700</u>	<u>\$ 145,331</u>	<u>\$ 156,750</u>
<u>WELLS AND WELL FIELDS</u>			
Personal Services	\$ 14,000	\$ 1,406	\$ 2,861
Employee Benefits	5,600	740	1,386
Operating Supplies	3,500	3,053	663
Contractual Services	18,500	18,329	18,053
Repairs and Maintenance	12,500	3,037	7,731
	<u>\$ 54,100</u>	<u>\$ 26,565</u>	<u>\$ 30,694</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>NEW SERVICES</u>			
Personal Services	\$ 4,500	\$ 3,720	\$ 900
Employee Benefits	1,800	1,958	436
Operating Supplies	16,000	28,510	10,554
Contractual Services	1,400	1,003	400
	<u>\$ 23,700</u>	<u>\$ 35,191</u>	<u>\$ 12,290</u>
<u>PRELIMINARY TREATMENT</u>			
Personal Services	\$ 4,300	\$ 8,743	\$ 5,823
Employee Benefits	1,800	4,602	2,787
Operating Supplies	750	998	501
Utilities	1,800	2,413	1,434
Repairs and Maintenance	1,200	1,091	1,287
	<u>\$ 9,850</u>	<u>\$ 17,847</u>	<u>\$ 11,832</u>
<u>PRIMARY TREATMENT</u>			
Personal Services	\$ 14,300	\$ 11,270	\$ 10,788
Employee Benefits	5,800	5,933	5,114
Operating Supplies	500	50	353
Repairs and Maintenance	300	49	173
	<u>\$ 20,900</u>	<u>\$ 17,302</u>	<u>\$ 16,428</u>
<u>SECONDARY TREATMENT</u>			
Personal Services	\$ 15,000	\$ 12,088	\$ 12,209
Employee Benefits	6,000	6,364	5,829
Operating Supplies	2,500	3,735	2,535
Utilities	41,800	36,268	35,389
Repairs and Maintenance	600	141	432
	<u>\$ 65,900</u>	<u>\$ 58,596</u>	<u>\$ 56,394</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>TERTIARY TREATMENT</u>			
Personal Services	\$ 12,000	\$ 10,589	\$ 10,940
Employee Benefits	4,000	5,575	5,197
Operating Supplies	3,000	1,484	3,007
Utilities	23,700	20,401	20,020
Repairs and Maintenance	6,500	2,669	4,500
	<u>\$ 49,200</u>	<u>\$ 40,718</u>	<u>\$ 43,664</u>
<u>SLUDGE TREATMENT AND DISPOSAL</u>			
Personal Services	\$ 30,000	\$ 25,438	\$ 22,434
Employee Benefits	12,000	13,391	10,584
Operating Supplies	3,500	5,087	3,288
Laboratory Control	4,800	4,447	3,327
Injection Contract Costs	46,000	32,700	33,006
Utilities	4,200	3,649	3,541
Repairs and Maintenance	3,800	4,671	3,047
	<u>\$ 104,300</u>	<u>\$ 89,383</u>	<u>\$ 79,227</u>
<u>NUTRIENT REMOVAL</u>			
Personal Services	\$ 9,000	\$ 7,207	\$ 10,132
Employee Benefits	3,000	3,794	4,843
Operating Supplies	2,300	1,450	5,122
Chemicals	27,000	29,477	34,947
Repairs and Maintenance	500	366	2,658
	<u>\$ 41,800</u>	<u>\$ 42,294</u>	<u>\$ 57,702</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>EFFLUENT DISPOSAL</u>			
Personal Services	\$ 10,000	\$ 12,336	\$ 11,375
Employee Benefits	4,000	6,494	5,387
Operating Supplies	7,700	9,683	10,441
Chemicals	25,000	37,611	22,792
Laboratory Control	9,500	7,160	7,912
Repairs and Maintenance	4,000	2,217	3,820
	<u>\$ 60,200</u>	<u>\$ 75,501</u>	<u>\$ 61,727</u>
<u>INDUSTRIAL SURVEILLANCE</u>			
Personal Services	\$ 21,000	\$ 11,570	\$ 11,884
Employee Benefits	8,200	6,091	5,659
Operating Supplies	3,500	896	2,345
Laboratory Control	3,700	1,608	3,891
Repairs and Maintenance	400	18	154
	<u>\$ 36,800</u>	<u>\$ 20,183</u>	<u>\$ 23,933</u>
<u>BUILDINGS AND GROUNDS</u>			
Personal Services	\$ 53,100	\$ 38,777	\$ 53,720
Employee Benefits	20,000	20,692	25,490
Operating Supplies	17,500	24,071	19,460
Utilities	36,000	35,998	29,221
Repairs and Maintenance	9,000	14,081	8,763
	<u>\$ 135,600</u>	<u>\$ 133,619</u>	<u>\$ 136,654</u>
<u>SANITARY SEWERS</u>			
Personal Services	\$ 46,000	\$ 36,246	\$ 30,955
Employee Benefits	18,400	19,081	14,317
Operating Supplies	5,400	12,847	7,326

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
Contractual Services	27,000	22,667	26,992
Repairs and Maintenance	1,100	1,206	399
	<u>\$ 97,900</u>	<u>\$ 92,047</u>	<u>\$ 79,989</u>
<u>LIFT STATIONS</u>			
Personal Services	\$ 26,500	\$ 18,172	\$ 14,347
Employee Benefits	10,000	9,567	6,870
Operating Supplies	4,300	3,259	2,626
Disposal Fees	1,300	1,152	778
Utilities	22,600	17,293	14,357
Repairs and Maintenance	10,000	21,960	8,299
	<u>\$ 74,700</u>	<u>\$ 71,403</u>	<u>\$ 47,277</u>
<u>VEHICLES - WATER</u>			
Personal Services	\$ 1,000	\$ 1,293	\$ 1,456
Employee Benefits	200	681	625
Operating Supplies	800	388	954
Fuel and Oil	3,400	2,536	2,375
Repairs and Maintenance	4,500	3,538	2,456
	<u>\$ 9,900</u>	<u>\$ 8,436</u>	<u>\$ 7,866</u>
<u>VEHICLES - DISTRIBUTION</u>			
Personal Services	\$ 300	\$ 0	\$ 236
Employee Benefits	100	0	115
Operating Supplies	900	592	475
Fuel and Oil	13,300	8,788	7,937
Repairs and Maintenance	13,100	18,279	13,024
	<u>\$ 27,700</u>	<u>\$ 27,659</u>	<u>\$ 21,787</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>LABORATORY</u>			
Personal Services	\$ 32,500	\$ 26,746	\$ 26,476
Employee Benefits	12,400	14,080	12,598
Operating Supplies	12,200	11,924	19,029
Travel and Education	0	0	2,286
Repairs and Maintenance	7,000	7,263	2,749
Equipment Rental	1,400	1,604	1,209
Research and Development	1,300	845	968
	<u>\$ 66,800</u>	<u>\$ 62,462</u>	<u>\$ 65,315</u>
<u>OTHER EXPENSE</u>			
Depreciation and Amortization	\$ 600,000	\$ 690,602	\$ 636,471
 TOTAL OPERATING EXPENSES	 <u>\$ 2,679,150</u>	 <u>\$ 2,801,756</u>	 <u>\$ 2,618,364</u>

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 2,348	\$ 24,311
Investments	120,192	79,061
Receivables		
Interest	1,999	691
Prepaid Expense	527	0
	<hr/>	<hr/>
Total Current Assets	\$ 125,066	\$ 104,063
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land	\$ 90,445	\$ 90,445
Buildings	1,699,011	1,699,011
	<hr/>	<hr/>
	\$ 1,789,456	\$ 1,789,456
Less Accumulated Depreciation	254,852	220,871
	<hr/>	<hr/>
Net Fixed Assets	\$ 1,534,604	\$ 1,568,585
	<hr/>	<hr/>
<u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	\$ 33,564	\$ 37,671
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,693,234	\$ 1,710,319
	<hr/> <hr/>	<hr/> <hr/>

	2003	2002
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 2,602	\$ 3,026
Accrued Interest	17,026	18,127
Due to Other Funds	8,084	0
Current Portion of Revenue Bonds	85,000	75,000
	<hr/>	<hr/>
Total Current Liabilities	\$ 112,712	\$ 96,153
	<hr/>	<hr/>
<u>LONG-TERM LIABILITIES</u>		
1994 Revenue Bonds	\$ 155,000	\$ 225,000
1999 Revenue Refunding Bonds	1,210,000	1,225,000
	<hr/>	<hr/>
Total Long-Term Liabilities	\$ 1,365,000	\$ 1,450,000
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 1,477,712	\$ 1,546,153
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 84,604	\$ 43,585
Unrestricted	130,918	120,581
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 215,522	\$ 164,166
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2003	2002
<u>OPERATING REVENUES</u>		
Building Rental	\$ 195,870	\$ 195,870
<u>OPERATING EXPENSES</u>		
Contractual Services	\$ 26,081	\$ 25,946
Supplies	29	485
Audit	1,060	1,025
Insurance	542	531
Building Maintenance	3,892	4,442
Utilities	1,981	1,931
Depreciation and Amortization	38,088	38,116
Administration	5,000	5,000
Total Operating Expenses	\$ 76,673	\$ 77,476
Operating Income (Loss)	\$ 119,197	\$ 118,394
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 1,738	\$ 2,417
Interest Expense	(69,579)	(74,356)
Total Nonoperating Revenues (Expenses)	\$ (67,841)	\$ (71,939)
Change in Net Assets	\$ 51,356	\$ 46,455
<u>TOTAL NET ASSETS - Beginning of Year</u>	164,166	117,711
<u>TOTAL NET ASSETS -End of Year</u>	\$ 215,522	\$ 164,166

CITY OF CADILLAC, MICHIGANBUILDING AUTHORITY OPERATING FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED JUNE 30,

	2003	2002
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 195,870	\$ 195,870
Cash Payments to Suppliers for Goods and Services	(31,452)	(44,376)
Net Cash Provided (Used) by Operating Activities	\$ 164,418	\$ 151,494
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	\$ (75,000)	\$ (75,000)
Interest Paid on Bonds	(70,680)	(75,455)
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (145,680)	\$ (150,455)
Cash Flows from Investing Activities:		
Interest Received	\$ 430	\$ 1,726
Purchase of Investment Securities	(178,814)	(41,106)
Proceeds from Sale and Maturities of Investment Securities	137,683	40,004
Net Cash Provided (Used) by Investing Activities	\$ (40,701)	\$ 624
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (21,963)	\$ 1,663
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	24,311	22,648
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 2,348	\$ 24,311

CITY OF CADILLAC, MICHIGANBUILDING AUTHORITY OPERATING FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ 119,197</u>	<u>\$ 118,394</u>
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 38,088	\$ 38,116
(Increase) Decrease in Current Assets		
Prepaid Expense	(527)	0
Increase (Decrease) in Current Liabilities		
Accounts Payable	(424)	(5,016)
Due to Other Funds	8,084	0
	<u></u>	<u></u>
Total Adjustments	<u>\$ 45,221</u>	<u>\$ 33,100</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 164,418</u>	<u>\$ 151,494</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

JUNE 30, 2003

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<u>ASSETS</u>			
Cash	\$ 257,288	\$ 102,941	\$ 10,641
Investments	1,470,797	493,126	203,730
Receivables			
Accounts	96,832	150	0
Mortgages and Notes	343,050	0	0
Accrued Interest	18,003	58,512	6,439
Special Assessments			
Current	0	142,292	5,174
Deferred	0	736,010	39,237
Due from Other Funds	222,818	15,999	209,673
Due from Component Units	27,563	0	0
Due from Other Governments	72,317	0	88,771
Prepaid Expenditures	915	0	0
TOTAL ASSETS	<u>\$ 2,509,583</u>	<u>\$ 1,549,030</u>	<u>\$ 563,665</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 61,510	\$ 0	\$ 483
Retainage Payable	2,000	0	0
Security Deposits Payable	1,086	0	0
Due to Other Funds	65,984	24,655	148,259
Deferred Revenues	431,385	736,010	41,272
Total Liabilities	<u>\$ 561,965</u>	<u>\$ 760,665</u>	<u>\$ 190,014</u>
<u>FUND BALANCE</u>			
Reserved	\$ 173,327	\$ 788,365	\$ 373,651
Unreserved			
Undesignated	1,774,291	0	0
Total Fund Balance	<u>\$ 1,947,618</u>	<u>\$ 788,365</u>	<u>\$ 373,651</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,509,583</u>	<u>\$ 1,549,030</u>	<u>\$ 563,665</u>

STATEMENT C-1

PERMANENT FUNDS		TOTALS
\$ 51,722		\$ 422,592
935,760		3,103,413
0		96,982
0		343,050
3,525		86,479
0		147,466
0		775,247
0		448,490
0		27,563
0		161,088
0		915
\$ 991,007		\$ 5,613,285
\$ 0		\$ 61,993
0		2,000
0		1,086
23,754		262,652
0		1,208,667
\$ 23,754		\$ 1,536,398
\$ 967,253		\$ 2,302,596
0		1,774,291
\$ 967,253		\$ 4,076,887
\$ 991,007		\$ 5,613,285

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<u>REVENUES</u>			
Taxes and Special Assessments	\$ 0	\$ 228,083	\$ 5,221
Federal Grants	360,243	0	434,952
State Grants	46,574	0	0
Contributions from Local Units	0	0	45,066
Charges for Services	135,335	0	0
Interest and Rents	127,603	67,735	8,535
Gain (Loss) on Investments	0	0	0
Other Revenue	305,900	0	71,850
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 975,655	\$ 295,818	\$ 565,624
<u>EXPENDITURES</u>			
General Government	\$ 103,547	\$ 0	\$ 0
Public Safety	68,693	0	0
Public Works	1,635	0	0
Cultural and Recreation	482,647	0	0
Redevelopment and Housing	192,495	0	0
Economic Development	2,319	0	0
Capital Outlay	0	0	262,902
Debt Service	12,500	391,607	7,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 863,836	\$ 391,607	\$ 269,902
Excess (Deficiency) of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>
	\$ 111,819	\$ (95,789)	\$ 295,722
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	\$ 0	\$ 0	\$ 231,905
Transfers In	33,604	234,032	61,307
Transfers In - Component Unit	33,723	28,400	0
Transfers Out	(29,000)	(119,882)	(732,555)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ 38,327	\$ 142,550	\$ (439,343)
Net Change in Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 150,146	\$ 46,761	\$ (143,621)
<u>FUND BALANCES</u> - Beginning of Year	<hr/>	<hr/>	<hr/>
	1,797,472	741,604	517,272
<u>FUND BALANCES</u> - End of Year	<hr/>	<hr/>	<hr/>
	\$ 1,947,618	\$ 788,365	\$ 373,651

STATEMENT C-2

PERMANENT FUNDS	TOTALS
\$ 0	\$ 233,304
0	795,195
0	46,574
0	45,066
0	135,335
26,906	230,779
542	542
8,400	386,150
<u>\$ 35,848</u>	<u>\$ 1,872,945</u>
\$ 1,290	\$ 104,837
0	68,693
0	1,635
0	482,647
0	192,495
0	2,319
0	262,902
0	411,107
<u>\$ 1,290</u>	<u>\$ 1,526,635</u>
<u>\$ 34,558</u>	<u>\$ 346,310</u>
\$ 0	\$ 231,905
0	328,943
0	62,123
(21,442)	(902,879)
<u>\$ (21,442)</u>	<u>\$ (279,908)</u>
\$ 13,116	\$ 66,402
954,137	4,010,485
<u>\$ 967,253</u>	<u>\$ 4,076,887</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, capital projects, or permanent funds) that are legally restricted to expenditures for specified purposes. The accounting for this group of funds is on the modified accrual basis.

Nonmajor Special Revenue Funds in the City of Cadillac include:

Cemetery Operating Fund - This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

Community Development Fund - This fund was established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the city building code. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

H.L. Green Operating Fund - This fund was established to account for the rental of the H.L. Green building until it was sold on a land contract.

Upper Clam River Watershed Grant Fund - This fund was established to account for a Clean Michigan Initiative

Cadillac Development Fund - This fund was established with grant monies from an Urban Development Action Grant to assist in economic development. As loans are repaid, money is made available for new loans.

Naval Reserve Center Fund - This fund was established to account for the rental of the Naval Reserve Center.

Clam River Clean-Up Grant - This fund was established to account for a Volunteer Clean-Up River Grant.

White Pine Trail Bike Path Grant Fund - This fund was established to account for a TEA-21 and DNR Recreation Trails Grant.

Clam River Greenway Fund - This fund was established to account for the ecological and scenic development of the Clam River Greenway.

Building Inspection Fund - This fund was established to account for building inspection activities pursuant to Public Act 245 of 1999.

Downtown Gateway Project Fund - This fund was established to account for a Michigan Economic Development Grant to build a clock tower plaza as a gateway to the downtown district.

Sound Garden Grant Fund - This fund was established to account for a Michigan Association of Community Arts Agencies and Kellogg and Youth Foundation Grant.

Mitchell Corporation Bankruptcy Fund - This fund was established to account for funds received from the bankruptcy court which will be disbursed at a later date based on instructions from the court.

Rental Rehabilitation Grant Fund - This fund was established to account for a Community Development Block Grant to upgrade rental housing within the City.

CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2003

	CEMETERY OPERATING	COMMUNITY DEVELOPMENT	H.L. GREEN OPERATING
<u>ASSETS</u>			
Cash	\$ 23,045	\$ 18,804	\$ 16,832
Investments	110,068	285,478	56,381
Receivables			
Accounts	0	92,742	0
Mortgages and Notes	0	93,216	242,886
Accrued Interest	2,959	2,782	0
Due from Other Funds	23,754	2,982	0
Due from Component Units	0	0	0
Due from Other Governments	0	0	0
Prepaid Expenditures	196	18	0
TOTAL ASSETS	<u>\$ 160,022</u>	<u>\$ 496,022</u>	<u>\$ 316,099</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,572	\$ 26,423	\$ 0
Retainage Payable	0	2,000	0
Security Deposits Payable	0	0	0
Due to Other Funds	23	0	0
Deferred Revenues	0	185,958	242,886
Total Liabilities	<u>\$ 1,595</u>	<u>\$ 214,381</u>	<u>\$ 242,886</u>
<u>FUND BALANCES</u>			
Reserved for:			
Prepaid Expenditures	\$ 196	\$ 18	\$ 0
Capital Improvements	17,195	0	0
Mortgages and Notes Receivable	0	0	0
Parks	0	0	0
Bankruptcy Court Escrow	0	0	0
Unreserved	141,036	281,623	73,213
Total Fund Balances	<u>\$ 158,427</u>	<u>\$ 281,641</u>	<u>\$ 73,213</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 160,022</u>	<u>\$ 496,022</u>	<u>\$ 316,099</u>

UPPER CLAM RIVER WATERSHED GRANT	CADILLAC DEVELOPMENT	NAVAL RESERVE CENTER
\$ 576	\$ 15,116	\$ 17,627
0	1,014,144	4,726
0	0	0
0	6,948	0
0	12,262	0
0	194,944	0
0	0	0
424	0	0
0	0	537
<u>\$ 1,000</u>	<u>\$ 1,243,414</u>	<u>\$ 22,890</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	1,086
1,000	0	0
0	0	1,531
<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ 2,617</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	6,948	0
0	0	0
0	0	0
0	1,236,466	19,736
<u>\$ 0</u>	<u>\$ 1,243,414</u>	<u>\$ 19,736</u>
<u>\$ 1,000</u>	<u>\$ 1,243,414</u>	<u>\$ 22,353</u>

CLAM RIVER CLEAN-UP GRANT	WHITE PINE TRAIL BIKE PATH GRANT	CLAM RIVER GREENWAY
\$ 0	\$ 1,676	\$ 7,853
0	0	0
0	4,000	0
0	0	0
0	0	0
0	0	0
0	0	0
0	9,105	57,868
0	0	0
\$ 0	\$ 14,781	\$ 65,721
\$ 0	\$ 0	\$ 30,755
0	0	0
0	0	0
0	14,781	19,738
0	0	0
\$ 0	\$ 14,781	\$ 50,493
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	15,228
0	0	0
0	0	0
\$ 0	\$ 0	\$ 15,228
\$ 0	\$ 14,781	\$ 65,721

BUILDING INSPECTION	DOWNTOWN GATEWAY PROJECT	SOUND GARDEN GRANT
\$ 20,887	\$ 84	\$ 1,210
0	0	0
90	0	0
0	0	0
0	0	0
912	0	226
0	27,563	0
0	2,961	0
164	0	0
\$ 22,053	\$ 30,608	\$ 1,436
\$ 0	\$ 2,760	\$ 0
0	0	0
0	0	0
635	27,848	0
	0	1,010
\$ 635	\$ 30,608	\$ 1,010
\$ 164	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
21,254	0	426
\$ 21,418	\$ 0	\$ 426
\$ 22,053	\$ 30,608	\$ 1,436

STATEMENT D-1

MITCHELL CORPORATION BANKRUPTCY	RENTAL REHABILITATION GRANT	TOTALS
\$ 133,578	\$ 0	\$ 257,288
0	0	1,470,797
0	0	96,832
0	0	343,050
0	0	18,003
0	0	222,818
0	0	27,563
0	1,959	72,317
0	0	915
<u>\$ 133,578</u>	<u>\$ 1,959</u>	<u>\$ 2,509,583</u>
\$ 0	\$ 0	\$ 61,510
0	0	2,000
0	0	1,086
0	1,959	65,984
0	0	431,385
<u>\$ 0</u>	<u>\$ 1,959</u>	<u>\$ 561,965</u>
\$ 0	\$ 0	\$ 378
0	0	17,195
0	0	6,948
0	0	15,228
133,578	0	133,578
0	0	1,773,754
<u>\$ 133,578</u>	<u>\$ 0</u>	<u>\$ 1,947,081</u>
<u>\$ 133,578</u>	<u>\$ 1,959</u>	<u>\$ 2,509,046</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	CEMETERY OPERATING	COMMUNITY DEVELOPMENT	H.L. GREEN OPERATING
<u>REVENUES</u>			
Federal Grants	\$ 0	\$ 0	\$ 0
State Grants	0	0	0
Charges for Services	49,276	0	0
Interest and Rents	7,242	14,361	9,039
Other Revenue	17,195	81,950	21,698
Total Revenues	\$ 73,713	\$ 96,311	\$ 30,737
<u>EXPENDITURES</u>			
General Government	\$ 81,791	\$ 0	\$ 0
Public Safety	0	0	0
Public Works	0	0	0
Cultural and Recreation	0	0	0
Redevelopment and Housing	0	191,935	560
Economic Development	0	0	0
Debt Service	0	0	12,500
Total Expenditures	\$ 81,791	\$ 191,935	\$ 13,060
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,078)	\$ (95,624)	\$ 17,677
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 21,442	\$ 0	\$ 0
Transfers In - Component Unit	0	0	0
Transfers Out	0	0	(6,000)
Total Other Financing Sources (Uses)	\$ 21,442	\$ 0	\$ (6,000)
Net Change in Fund Balances	\$ 13,364	\$ (95,624)	\$ 11,677
<u>FUND BALANCES</u> - Beginning of Year	145,063	377,265	61,536
<u>FUND BALANCES</u> - End of Year	\$ 158,427	\$ 281,641	\$ 73,213

UPPER CLAM RIVER WATERSHED GRANT	CADILLAC DEVELOPMENT	NAVAL RESERVE CENTER
\$ 0	\$ 0	\$ 0
1,000	0	0
0	0	0
0	55,198	40,286
0	0	0
\$ 1,000	\$ 55,198	\$ 40,286
\$ 0	\$ 0	\$ 21,756
0	0	0
1,000	0	0
0	0	0
0	0	0
0	360	0
0	0	0
\$ 1,000	\$ 360	\$ 21,756
\$ 0	\$ 54,838	\$ 18,530
\$ 0	\$ 6,000	\$ 0
0	0	0
0	(23,000)	0
\$ 0	\$ (17,000)	\$ 0
\$ 0	\$ 37,838	\$ 18,530
	1,205,576	1,743
\$ 0	\$ 1,243,414	\$ 20,273

CLAM RIVER CLEAN-UP GRANT	WHITE PINE TRAIL BIKE PATH GRANT	CLAM RIVER GREENWAY
\$ 0	\$ 84,287	\$ 124,257
0	0	45,574
0	0	0
0	0	0
635	9,000	33,000
\$ 635	\$ 93,287	\$ 202,831
\$ 0	\$ 0	\$ 0
0	0	0
635	0	0
0	96,449	193,759
0	0	0
0	0	0
0	0	0
\$ 635	\$ 96,449	\$ 193,759
\$ 0	\$ (3,162)	\$ 9,072
\$ 0	\$ 3,162	\$ 0
0	0	0
0	0	0
\$ 0	\$ 3,162	\$ 0
\$ 0	\$ 0	\$ 9,072
0	0	6,156
\$ 0	\$ 0	\$ 15,228

BUILDING INSPECTION	DOWNTOWN GATEWAY PROJECT	SOUND GARDEN GRANT
\$ 0	\$ 149,740	\$ 0
0	0	0
86,059	0	0
0	0	0
919	0	9,402
<hr/>	<hr/>	<hr/>
\$ 86,978	\$ 149,740	\$ 9,402
<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0
68,693	0	0
0	0	0
0	183,463	8,976
0	0	0
0	0	0
0	0	0
<hr/>	<hr/>	<hr/>
\$ 68,693	\$ 183,463	\$ 8,976
<hr/>	<hr/>	<hr/>
\$ 18,285	\$ (33,723)	\$ 426
<hr/>	<hr/>	<hr/>
\$ 3,000	\$ 0	\$ 0
0	33,723	0
0	0	0
<hr/>	<hr/>	<hr/>
\$ 3,000	\$ 33,723	\$ 0
<hr/>	<hr/>	<hr/>
\$ 21,285	\$ 0	\$ 426
133	0	0
<hr/>	<hr/>	<hr/>
\$ 21,418	\$ 0	\$ 426
<hr/>	<hr/>	<hr/>

MITCHELL CORPORATION BANKRUPTCY	RENTAL REHABILITATION GRANT	TOTALS
\$ 0	\$ 1,959	\$ 360,243
0	0	46,574
0	0	135,335
1,477	0	127,603
132,101	0	305,900
\$ 133,578	\$ 1,959	\$ 975,655
\$ 0	\$ 0	\$ 103,547
0	0	68,693
0	0	1,635
0	0	482,647
0	0	192,495
0	1,959	2,319
0	0	12,500
\$ 0	\$ 1,959	\$ 863,836
\$ 133,578	\$ 0	\$ 111,819
\$ 0	\$ 0	\$ 33,604
0	0	33,723
0	0	(29,000)
\$ 0	\$ 0	\$ 38,327
\$ 133,578	\$ 0	\$ 150,146
0	0	1,797,472
\$ 133,578	\$ 0	\$ 1,947,618

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
<u>ASSETS</u>		
Cash	\$ 23,045	\$ 27,068
Investments	110,068	109,475
Receivables		
Accounts	0	2,135
Accrued Interest	2,959	2,959
Due from Other Funds	23,754	15,419
Prepaid Expenditures	196	119
	<hr/>	<hr/>
TOTAL ASSETS	\$ 160,022	\$ 157,175
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,572	\$ 1,566
Accrued Expenditures	0	798
Due to Other Funds	23	9,748
	<hr/>	<hr/>
Total Liabilities	\$ 1,595	\$ 12,112
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 196	\$ 119
Capital Improvements	17,195	0
Unreserved	141,036	144,944
	<hr/>	<hr/>
Total Fund Balance	\$ 158,427	\$ 145,063
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 160,022	\$ 157,175
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Charges for Services			
Sale of Lots and Burial Rights	\$ 8,100	\$ 7,800	\$ 11,000
Grave Openings and Storage	27,000	36,100	33,275
Foundations and Miscellaneous	7,500	5,376	6,370
Interest and Rents			
Interest	3,000	7,242	4,478
Other Revenue			
Contributions From Private Sources	0	17,195	0
Total Revenues	<u>\$ 45,600</u>	<u>\$ 73,713</u>	<u>\$ 55,123</u>
<u>EXPENDITURES</u>			
General Government			
Personal Services	\$ 40,400	\$ 35,446	\$ 34,822
Employee Benefits	8,500	8,624	7,881
Operating Supplies	10,500	8,879	6,458
Contractual Services	1,000	360	0
Audit	600	560	540
Data Processing	2,500	2,500	2,500
Insurance	100	70	69
Travel and Education	300	448	286
Utilities	6,800	8,394	6,741
Repairs and Maintenance	3,000	3,971	10,798
Equipment Rental	3,000	5,504	5,640
Capital Outlay	7,900	7,035	7,440
Total Expenditures	<u>\$ 84,600</u>	<u>\$ 81,791</u>	<u>\$ 83,175</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (39,000)	\$ (8,078)	\$ (28,052)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
Cemetery Perpetual Care Fund	12,000	21,442	29,885
Net Change In Fund Balance	<u>\$ (27,000)</u>	<u>\$ 13,364</u>	<u>\$ 1,833</u>
<u>FUND BALANCE</u> - Beginning of Year	143,229	145,063	143,230
<u>FUND BALANCE</u> - End of Year	<u>\$ 116,229</u>	<u>\$ 158,427</u>	<u>\$ 145,063</u>

CITY OF CADILLAC, MICHIGAN
COMMUNITY DEVELOPMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 18,804	\$ 23,736
Investments	285,478	355,796
Receivables		
Accounts	92,742	0
Installment Notes	11,109	11,002
Mortgages	82,107	108,179
Accrued Interest	2,782	5,970
Due from Other Funds	2,982	0
Prepaid Expenditures	18	11
	<hr/>	<hr/>
TOTAL ASSETS	\$ 496,022	\$ 504,694
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 26,423	\$ 6,744
Retainage Payable	2,000	0
Due to Other Funds	0	1,504
Deferred Revenues		
Installment Loans and Mortgages	185,958	119,181
	<hr/>	<hr/>
Total Liabilities	\$ 214,381	\$ 127,429
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 18	\$ 11
Unreserved	281,623	377,254
	<hr/>	<hr/>
Total Fund Balance	\$ 281,641	\$ 377,265
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 496,022	\$ 504,694
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
COMMUNITY DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Loans	\$ 600	\$ 384	\$ 435
Interest on Investments	12,000	13,977	12,599
Other Revenues			
Contributions From Private Sources	0	55,932	0
Loan Principal Collections	20,000	25,963	18,663
Penalties and Miscellaneous	100	55	45
Total Revenues	\$ 32,700	\$ 96,311	\$ 31,742
<u>EXPENDITURES</u>			
Redevelopment and Housing			
Personal Services	\$ 14,800	\$ 15,845	\$ 14,151
Employee Benefits	4,100	3,970	6,251
Audit	900	910	890
Office Supplies	700	484	680
Postage	600	283	448
Data Processing	3,200	3,200	3,200
Communications	500	19	358
Travel and Education	1,000	272	1,300
Dues and Publications	600	197	442
Rehabilitation	0	33	6,300
Municipal Parks			
Engineering Fees	10,400	2,739	0
Construction	148,700	143,883	0
Site Work	25,000	6,400	0
Administrative	13,700	13,700	12,200
Total Expenditures	\$ 224,200	\$ 191,935	\$ 46,220
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (191,500)	\$ (95,624)	\$ (14,478)
<u>FUND BALANCE</u> - Beginning of Year	388,113	377,265	391,743
<u>FUND BALANCE</u> - End of Year	\$ 196,613	\$ 281,641	\$ 377,265

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 16,832	\$ 5,829
Investments	56,381	55,707
Receivables		
Note	242,886	264,584
TOTAL ASSETS	<u>\$ 316,099</u>	<u>\$ 326,120</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 242,886	\$ 264,584
<u>FUND BALANCE</u>		
Unreserved	73,213	61,536
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 316,099</u>	<u>\$ 326,120</u>

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Note	\$ 0	\$ 8,279	\$ 8,971
Interest on Investments	1,500	760	1,227
Other Revenue			
Note Principal Collections	30,000	21,698	21,005
Total Revenues	<u>\$ 31,500</u>	<u>\$ 30,737</u>	<u>\$ 31,203</u>
<u>EXPENDITURES</u>			
Redevelopment and Housing			
Audit	\$ 600	\$ 560	\$ 540
Debt Service			
Principal Payments	12,500	12,500	12,500
Total Expenditures	<u>\$ 13,100</u>	<u>\$ 13,060</u>	<u>\$ 13,040</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 18,400	\$ 17,677	\$ 18,163
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Cadillac Development Fund	(6,000)	(6,000)	(6,000)
Net Change In Fund Balance	\$ 12,400	\$ 11,677	\$ 12,163
<u>FUND BALANCE</u> - Beginning of Year	61,073	61,536	49,373
<u>FUND BALANCE</u> - End of Year	<u>\$ 73,473</u>	<u>\$ 73,213</u>	<u>\$ 61,536</u>

CITY OF CADILLAC, MICHIGAN
UPPER CLAM RIVER WATERSHED GRANT FUND

BALANCE SHEET
JUNE 30, 2003

ASSETS

Cash	\$ 576
Due From Other Governments	424
	<hr/>
TOTAL ASSETS	\$ 1,000
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 1,000
--------------------	----------

<u>FUND BALANCE</u>	<hr/> 0
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,000
	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
UPPER CLAM RIVER WATERSHED FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

REVENUES

State Grants

Clean Michigan Initiative Grant	\$ 1,000
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EXPENDITURES

Public Works

Administration	1,000
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Excess (Deficiency) of Revenues

Over Expenditures	\$ 0
-------------------	------

FUND BALANCE - Beginning of Year

0

FUND BALANCE - End of Year

\$ 0

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 15,116	\$ 12,072
Investments	1,014,144	1,159,653
Receivables		
Notes	6,948	17,859
Accrued Interest	12,262	15,992
Due From Other Funds	194,944	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,243,414	\$ 1,205,576
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	<hr/>	<hr/>
	\$ 0	\$ 0
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Notes Receivable	\$ 6,948	\$ 17,859
Unreserved	1,236,466	1,187,717
	<hr/>	<hr/>
Total Fund Balance	\$ 1,243,414	\$ 1,205,576
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,243,414	\$ 1,205,576
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 36,000	\$ 55,198	\$ 31,463
<u>EXPENDITURES</u>			
Economic Development			
Office Supplies	\$ 0	\$ 0	\$ 24
Audit	400	360	350
Total Expenditures	\$ 400	\$ 360	\$ 374
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 35,600	\$ 54,838	\$ 31,089
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
H.L. Green Operating Fund	\$ 6,000	\$ 6,000	\$ 6,000
Automobile Parking System	(20,000)	(20,000)	0
Building Inspection Fund	(9,000)	(3,000)	0
Total Transfers In (Out)	\$ (23,000)	\$ (17,000)	\$ 6,000
Net Change in Fund Balance	\$ 12,600	\$ 37,838	\$ 37,089
<u>FUND BALANCE</u> - Beginning of Year	1,198,086	1,205,576	1,168,487
<u>FUND BALANCE</u> - End of Year	\$ 1,210,686	\$ 1,243,414	\$ 1,205,576

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 17,627	\$ 8,031
Investments	4,726	39,634
Prepaid Expenditures	537	0
	<hr/>	
TOTAL ASSETS	\$ 22,890	\$ 47,665
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 42,036
Security Deposit Payable	1,086	1,086
Deferred Revenues	1,531	2,800
	<hr/>	
Total Liabilities	\$ 2,617	\$ 45,922
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 537	\$ 0
Unreserved	19,736	1,743
	<hr/>	
Total Fund Balance	\$ 20,273	\$ 1,743
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 22,890	\$ 47,665
	<hr/>	

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 1,500	\$ 170	\$ 1,593
Rents	38,300	40,116	35,697
Total Revenues	<u>\$ 39,800</u>	<u>\$ 40,286</u>	<u>\$ 37,290</u>
<u>EXPENDITURES</u>			
General Government			
Audit	\$ 400	\$ 360	\$ 350
Insurance	600	552	541
Utilities	18,000	15,467	16,986
Building Maintenance	25,000	5,377	53,498
Capital Outlay	0	0	51,148
Total Expenditures	<u>\$ 44,000</u>	<u>\$ 21,756</u>	<u>\$ 122,523</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (4,200)	\$ 18,530	\$ (85,233)
<u>FUND BALANCE</u> - Beginning of Year	<u>54,076</u>	<u>1,743</u>	<u>86,976</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 49,876</u>	<u>\$ 20,273</u>	<u>\$ 1,743</u>

CITY OF CADILLAC, MICHIGAN
CLAM RIVER CLEAN-UP GRANT

BALANCE SHEET

JUNE 30, 2003

ASSETS

Cash	\$	0
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LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$	0
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<u>FUND BALANCE</u>		0
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TOTAL LIABILITIES AND FUND BALANCE	\$	0
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CITY OF CADILLAC, MICHIGAN
CLAM RIVER CLEAN-UP GRANT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

REVENUES

Other Revenue

Contributions From Private Sources	\$ 635
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EXPENDITURES

Public Works

Supplies	<u>635</u>
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Excess (Deficiency) of Revenues

Over Expenditures	\$ 0
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FUND BALANCE - Beginning of Year

<u>0</u>

FUND BALANCE - End of Year

<u><u>\$ 0</u></u>

CITY OF CADILLAC, MICHIGAN
WHITE PINE TRAIL BIKE PATH GRANT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 1,676	\$ 0
Accounts Receivable	4,000	0
Due from Other Governments	9,105	87,500
	<hr/>	<hr/>
TOTAL ASSETS	14,781	87,500
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,494
Due To Other Funds	14,781	0
Deferred Revenue	0	86,006
	<hr/>	<hr/>
Total Liabilities	\$ 14,781	87,500
<u>FUND BALANCE</u>		
Unreserved	0	0
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,781	\$ 87,500
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
WHITE PINE TRAIL BIKE PATH GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Federal Grants			
TEA-21 Grant	\$ 27,500	\$ 25,781	\$ 0
DNR Recreational Trails Program Grant	60,000	58,506	1,494
Other Revenue			
Contributions From Private Sources	9,000	9,000	0
Total Revenues	\$ 96,500	\$ 93,287	\$ 1,494
<u>EXPENDITURES</u>			
Cultural and Recreation			
Engineering Fees	\$ 9,750	\$ 180	\$ 0
Construction	87,750	96,269	1,494
Total Expenditures	\$ 97,500	\$ 96,449	\$ 1,494
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (1,000)	\$ (3,162)	\$ 0
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	0	3,162	0
Net Change In Fund Balance	\$ (1,000)	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ (1,000)	\$ 0	\$ 0

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 7,853	\$ 344
Investments	0	1
Due from Other Governments	57,868	171,436
	<hr/>	<hr/>
TOTAL ASSETS	\$ 65,721	\$ 171,781
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 30,755	\$ 31,255
Retainage Payable	0	6,049
Due to Other Funds	19,738	4,064
Deferred Revenue	0	124,257
	<hr/>	<hr/>
Total Liabilities	\$ 50,493	\$ 165,625
<u>FUND BALANCE</u>		
Reserved for Parks	15,228	6,156
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 65,721	\$ 171,781
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Federal Grants			
Department of Transportation			
Highway Planning and Construction	\$ 177,800	\$ 124,257	\$ 47,179
State Grants			
Clean Michigan Initiative Recreation Bond Grant	178,200	45,574	0
Interest and Rents			
Interest	1,100	0	322
Other Revenue			
Contributions and Donations from			
Private Sources	156,500	33,000	17,300
Total Revenues	<u>\$ 513,600</u>	<u>\$ 202,831</u>	<u>\$ 64,801</u>
<u>EXPENDITURES</u>			
Cultural and Recreation			
Audit	\$ 1,100	\$ 360	\$ 350
Engineering Fees	39,000	3,539	18,752
Construction	468,500	189,860	60,488
Total Expenditures	<u>\$ 508,600</u>	<u>\$ 193,759</u>	<u>\$ 79,590</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 5,000	\$ 9,072	\$ (14,789)
<u>FUND BALANCE</u> - Beginning of Year	<u>1,645</u>	<u>6,156</u>	<u>20,945</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 6,645</u>	<u>\$ 15,228</u>	<u>\$ 6,156</u>

CITY OF CADILLAC, MICHIGAN
BUILDING INSPECTION FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 20,887	\$ 12,351
Accounts Receivable	90	372
Due From Other Funds	912	0
Prepaid Expenditures	164	133
	<hr/>	<hr/>
Total Assets	\$ 22,053	\$ 12,856
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 16
Due to Other Funds	635	12,707
	<hr/>	<hr/>
Total Liabilities	\$ 635	\$ 12,723
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 164	\$ 133
Unreserved	21,254	0
	<hr/>	<hr/>
Total Fund Balance	\$ 21,418	\$ 133
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 22,053	\$ 12,856
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
BUILDING INSPECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Building Permits	\$ 50,000	\$ 65,999	\$ 37,499
Heating and Fence Permits	20,900	20,060	15,872
Other Revenue			
Miscellaneous	500	919	1,471
Total Revenues	\$ 71,400	\$ 86,978	\$ 54,842
<u>EXPENDITURES</u>			
Public Safety			
Building Inspection			
Personal Services	\$ 50,000	\$ 44,149	\$ 44,253
Employee Benefits	15,800	15,234	13,804
Office Supplies	2,000	2,065	3,961
Postage	900	1,075	966
Audit	400	360	350
Data Processing	2,400	2,400	2,400
Dues and Publications	700	792	622
Communication	400	5	170
Travel and Education	2,700	1,013	723
Publishing Cost	200	0	33
Equipment Rental	1,600	1,600	2,796
Capital Outlay	2,300	0	0
Total Expenditures	\$ 79,400	\$ 68,693	\$ 70,078
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (8,000)	\$ 18,285	\$ (15,236)

CITY OF CADILLAC, MICHIGAN
BUILDING INSPECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
Cadillac Development Fund	\$ 9,000	\$ 3,000	\$ 0
General Fund	0	0	13,824
Total Other Financing Sources (Uses)	\$ 9,000	\$ 3,000	\$ 13,824
Net Change In Fund Balance	\$ 1,000	\$ 21,285	\$ (1,412)
<u>FUND BALANCE</u> - Beginning of Year	45	133	1,545
<u>FUND BALANCE</u> - End of Year	\$ 1,045	\$ 21,418	\$ 133

CITY OF CADILLAC, MICHIGAN
DOWNTOWN GATEWAY PROJECT FUND

BALANCE SHEET
JUNE 30, 2003

ASSETS

Cash	\$ 84
Due from Component Unit	27,563
Due from Other Governments	<u>2,961</u>
Total Assets	<u><u>\$ 30,608</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,760
Due to Other Funds	<u>27,848</u>
Total Liabilities	\$ 30,608

FUND BALANCE

Unreserved	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 30,608</u></u>
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CITY OF CADILLAC, MICHIGAN
DOWNTOWN GATEWAY PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Federal Grants		
Michigan Economic Development Grant	\$ 162,850	\$ 149,740
<u>EXPENDITURES</u>		
Cultural and Recreation		
Advertising	\$ 350	\$ 290
Engineering Fees	12,900	17,149
Demolition	30,000	23,110
Construction	137,100	142,914
Parking Lot	20,000	0
Total Expenditures	\$ 200,350	\$ 183,463
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,500)	\$ (33,723)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
Component Unit	37,500	33,723
Net Change In Fund Balance	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0

CITY OF CADILLAC, MICHIGAN
SOUND GARDEN GRANT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 1,210	\$ 8,634
Due From Other Funds	226	0
Due From Other Governments	0	8,616
	<hr/>	
TOTAL ASSETS	\$ 1,436	\$ 17,250
	<hr/>	
<u>LAIBILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 5,550
Due to Other Funds	0	1,288
Deferred Revenues	1,010	10,412
	<hr/>	
Total Liabilities	\$ 1,010	\$ 17,250
	<hr/>	
<u>FUND BALANCE</u>		
Unreserved	426	0
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,436	\$ 17,250
	<hr/>	

CITY OF CADILLAC, MICHIGAN
SOUND GARDEN GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Other Revenue			
Contributions from Private Sources	\$ 27,000	\$ 9,402	\$ 6,838
<u>EXPENDITURES</u>			
Cultural and Recreation			
Personal Services	\$ 3,750	\$ 0	\$ 0
Operating Supplies	900	607	0
Downtown Marketing	2,500	807	0
Contracted Services	16,500	5,350	5,750
Audit	0	360	0
Rent	2,700	1,400	1,050
Utilities	650	452	38
Total Expenditures	\$ 27,000	\$ 8,976	\$ 6,838
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 426	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 426	\$ 0

CITY OF CADILLAC, MICHIGAN
MITCHELL CORPORATION BANKRUPTCY FUND

BALANCE SHEET
JUNE 30, 2003

<u>ASSETS</u>		
Cash		\$ 133,578
		<u>133,578</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		\$ 0
<u>FUND BALANCE</u>		
Reserved For		
Bankruptcy Court Escrow		133,578
		<u>133,578</u>
TOTAL LIABILITIES AND FUND BALANCE		\$ 133,578
		<u>133,578</u>

CITY OF CADILLAC, MICHIGAN
MITCHELL CORPORATION BANKRUPTCY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

REVENUES

Interest and Rents	
Interest	\$ 1,477
Other Revenue	
Bankruptcy Settlement	<u>132,101</u>
Total Revenues	\$ 133,578

EXPENDITURES

Excess (Deficiency) of	
Revenues Over Expenditures	<u>0</u>
	\$ 133,578

<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 133,578</u></u>
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CITY OF CADILLAC, MICHIGAN
RENTAL REHABILITATION GRANT FUND

BALANCE SHEET
JUNE 30, 2003

ASSETS

Due From Other Governments	\$ 1,959
	1,959

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 1,959
--------------------	----------

FUND BALANCE

Unreserved	0
	0

TOTAL LIABILITIES AND FUND BALANCE	\$ 1,959
	1,959

CITY OF CADILLAC, MICHIGAN
RENTAL REHABILITATION GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2003

REVENUES

Federal	
Community Development Block Grant Funds	\$ 1,959

EXPENDITURES

Economic Development	
Administration	1,959
	1,959

Excess (Deficiency) of	
Revenues Over Expenditures	\$ 0

<u>FUND BALANCE</u> - Beginning of Year	0
	0

<u>FUND BALANCE</u> - End of Year	\$ 0
	0

NONMAJOR DEBT SERVICE FUNDS

Nonmajor Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment. The accounting for this group of funds is on the modified accrual basis.

The purpose of the bonds which the various debt service funds are paying are as follows:

1990 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1992 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in said districts.

1992 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1993 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

1993 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1994 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

1996 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

1996 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

NON-MAJOR DEBT SERVICE FUNDS - CONTINUED

1997 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

1997 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1997 Building Authority Debt Retirement Fund - A 1998 Building Authority Bond issue to construct parking lots.

1998 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

2000 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

2000 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

2002 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2003

	1990 MICHIGAN TRANSPORTATION FUND	1992 SPECIAL ASSESSMENT	1992 MICHIGAN TRANSPORTATION FUND
<u>ASSETS</u>			
Cash	\$ 652	\$ 21,008	\$ 0
Investments	0	173,301	0
Receivables			
Accounts	0	0	150
Accrued Interest	0	10,687	0
Special Assessments			
Current	0	51,017	0
Deferred	0	81,945	0
Due from Other Funds	0	1,849	0
TOTAL ASSETS	\$ 652	\$ 339,807	\$ 150
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 1,037	\$ 150
Deferred Revenues	0	81,945	0
Total Liabilities	\$ 0	\$ 82,982	\$ 150
<u>FUND BALANCES</u>			
Reserved for Debt Service	652	256,825	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 652	\$ 339,807	\$ 150

1993		1994		1996	
1993	MICHIGAN	1994		1996	
SPECIAL	TRANSPORTATION	SPECIAL		SPECIAL	
ASSESSMENT	FUND	ASSESSMENT		ASSESSMENT	
\$ 2,943	\$ 3,267	\$ 6,318		\$ 1,490	
62,601	0	0		206,213	
0	0	0		0	
3,603	0	0		9,235	
9,262	0	0		18,228	
37,051	0	0		112,730	
0	0	0		12,571	
\$ 115,460	\$ 3,267	\$ 6,318		\$ 360,467	

\$ 0	\$ 0	\$ 6,318	\$ 0
37,051	0	0	112,730
\$ 37,051	\$ 0	\$ 6,318	\$ 112,730
78,409	3,267	0	247,737
\$ 115,460	\$ 3,267	\$ 6,318	\$ 360,467

1996 MICHIGAN TRANSPORTATION FUND	1997 SPECIAL ASSESSMENT	1997 MICHIGAN TRANSPORTATION FUND	1997 BUILDING AUTHORITY
\$ 265	\$ 21,484	\$ 1,877	\$ 496
0	14,653	0	0
0	0	0	0
0	11,399	0	0
0	20,298	0	0
0	159,097	0	0
0	0	150	150
<hr/>			
\$ 265	\$ 226,931	\$ 2,027	\$ 646
<hr/>			
\$ 0	\$ 0	\$ 0	\$ 150
0	159,097	0	0
<hr/>			
\$ 0	\$ 159,097	\$ 0	\$ 150
<hr/>			
265	67,834	2,027	496
<hr/>			
\$ 265	\$ 226,931	\$ 2,027	\$ 646
<hr/>			

STATEMENT E-1

1998	2000	2000	2002	
SPECIAL	SPECIAL	MICHIGAN	SPECIAL	
ASSESSMENT	ASSESSMENT	TRANSPORTATION	ASSESSMENT	TOTALS
		FUND		
\$ 11,095	\$ 4,051	\$ 538	\$ 27,457	\$ 102,941
36,358	0	0	0	493,126
0	0	0	0	150
7,899	5,383	0	10,306	58,512
13,799	10,378	0	19,310	142,292
102,634	72,509	0	170,044	736,010
0	0	0	1,279	15,999
\$ 171,785	\$ 92,321	\$ 538	\$ 228,396	\$ 1,549,030
\$ 17,000	\$ 0	\$ 0	\$ 0	\$ 24,655
102,634	72,509	0	170,044	736,010
\$ 119,634	\$ 72,509	\$ 0	\$ 170,044	\$ 760,665
52,151	19,812	538	58,352	788,365
\$ 171,785	\$ 92,321	\$ 538	\$ 228,396	\$ 1,549,030

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	1990 MICHIGAN TRANSPORTATION FUND	1992 SPECIAL ASSESSMENT	1992 MICHIGAN TRANSPORTATION FUND
<u>REVENUES</u>			
Taxes and Special Assessments	\$ 0	\$ 56,958	\$ 0
Interest and Rents	7	14,034	0
Total Revenues	\$ 7	\$ 70,992	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 25,000	\$ 0
Interest and Fiscal Charges	5,368	6,616	150
Audit	360	500	0
Total Expenditures	\$ 35,728	\$ 32,116	\$ 150
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,721)	\$ 38,876	\$ (150)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 35,000	\$ 0	\$ 150
Operating Transfers In - Component Unit	0	0	0
Operating Transfers Out	0	(80,000)	0
Total Other Financing Sources (Uses)	\$ 35,000	\$ (80,000)	\$ 150
Net Change in Fund Balances	\$ (721)	\$ (41,124)	\$ 0
<u>FUND BALANCES</u> - Beginning of Year	1,373	297,949	0
<u>FUND BALANCES</u> - End of Year	\$ 652	\$ 256,825	\$ 0

1993 SPECIAL ASSESSMENT	1993 MICHIGAN TRANSPORTATION FUND	1994 SPECIAL ASSESSMENT	1996 SPECIAL ASSESSMENT
\$ 11,000	\$ 0	\$ 35	\$ 30,641
5,231	0	361	10,889
\$ 16,231	\$ 0	\$ 396	\$ 41,530
\$ 15,000	\$ 15,000	\$ 30,000	\$ 35,000
4,609	3,453	926	12,607
500	360	500	500
\$ 20,109	\$ 18,813	\$ 31,426	\$ 48,107
\$ (3,878)	\$ (18,813)	\$ (31,030)	\$ (6,577)
\$ 0	\$ 18,000	\$ 0	\$ 119,882
0	0	0	0
0	0	(39,882)	0
\$ 0	\$ 18,000	\$ (39,882)	\$ 119,882
\$ (3,878)	\$ (813)	\$ (70,912)	\$ 113,305
82,287	4,080	70,912	134,432
\$ 78,409	\$ 3,267	\$ 0	\$ 247,737

1996 MICHIGAN TRANSPORTATION FUND	1997 SPECIAL ASSESSMENT	1997 MICHIGAN TRANSPORTATION FUND	1997 BUILDING AUTHORITY
\$ 0	\$ 29,669	\$ 0	\$ 0
0	11,880	70	0
\$ 0	\$ 41,549	\$ 70	\$ 0
\$ 15,000	\$ 25,000	\$ 10,000	\$ 15,000
9,676	12,384	4,367	12,900
360	500	360	360
\$ 25,036	\$ 37,884	\$ 14,727	\$ 28,260
\$ (25,036)	\$ 3,665	\$ (14,657)	\$ (28,260)
\$ 25,000	\$ 0	\$ 10,000	\$ 0
0	0	0	28,400
0	0	0	0
\$ 25,000	\$ 0	\$ 10,000	\$ 28,400
\$ (36)	\$ 3,665	\$ (4,657)	\$ 140
301	64,169	6,684	356
\$ 265	\$ 67,834	\$ 2,027	\$ 496

STATEMENT E-2

1998 SPECIAL ASSESSMENT	2000 SPECIAL ASSESSMENT	2000 MICHIGAN TRANSPORTATION FUND	2002 SPECIAL ASSESSMENT	TOTALS
\$ 32,711	\$ 25,592	\$ 0	\$ 41,477	\$ 228,083
8,725	6,046	0	10,492	67,735
\$ 41,436	\$ 31,638	\$ 0	\$ 51,969	\$ 295,818
\$ 13,407	\$ 20,000	\$ 10,000	\$ 15,000	\$ 273,407
3,600	9,611	15,724	10,089	112,080
360	500	360	600	6,120
\$ 17,367	\$ 30,111	\$ 26,084	\$ 25,689	\$ 391,607
\$ 24,069	\$ 1,527	\$ (26,084)	\$ 26,280	\$ (95,789)
\$ 0	\$ 0	\$ 26,000	\$ 0	\$ 234,032
0	0	0	0	28,400
0	0	0	0	(119,882)
\$ 0	\$ 0	\$ 26,000	\$ 0	\$ 142,550
\$ 24,069	\$ 1,527	\$ (84)	\$ 26,280	\$ 46,761
28,082	18,285	622	32,072	741,604
\$ 52,151	\$ 19,812	\$ 538	\$ 58,352	\$ 788,365

CITY OF CADILLAC, MICHIGAN
1990 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 652	\$ 1,373
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	652	1,373
TOTAL LIABILITIES AND FUND BALANCE	\$ 652	\$ 1,373

CITY OF CADILLAC, MICHIGAN
1990 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 0	\$ 7	\$ 49
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 30,000	\$ 30,000
Interest and Fiscal Charges	5,400	5,368	7,637
Audit	400	360	350
Total Expenditures	\$ 35,800	\$ 35,728	\$ 37,987
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (35,800)	\$ (35,721)	\$ (37,938)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Major Street	35,600	35,000	37,600
Net Change in Fund Balance	\$ (200)	\$ (721)	\$ (338)
<u>FUND BALANCE</u> - Beginning of Year	1,511	1,373	1,711
<u>FUND BALANCE</u> - End of Year	\$ 1,311	\$ 652	\$ 1,373

CITY OF CADILLAC, MICHIGAN
1992 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 21,008	\$ 22,219
Investments	173,301	208,158
Receivables		
Accrued Interest	10,687	14,759
Special Assessments - Current	51,017	52,813
Special Assessments - Deferred	81,945	138,350
Due from Other Funds	1,849	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 339,807	\$ 436,299
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,037	\$ 0
Deferred Revenues	81,945	138,350
	<hr/>	<hr/>
Total Liabilities	\$ 82,982	\$ 138,350
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Debt Service	256,825	297,949
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 339,807	\$ 436,299
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
1992 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 50,000	\$ 56,813	\$ 54,507
Penalties and Interest	700	145	364
Interest and Rents			
Interest on Assessments	15,000	8,663	13,064
Interest on Investments	6,000	5,371	6,704
Total Revenues	<u>\$ 71,700</u>	<u>\$ 70,992</u>	<u>\$ 74,639</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 25,000	\$ 25,000	\$ 25,000
Interest and Fiscal Charges	6,800	6,616	8,202
Audit	400	500	485
Total Expenditures	<u>\$ 32,200</u>	<u>\$ 32,116</u>	<u>\$ 33,687</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 39,500	\$ 38,876	\$ 40,952
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out			
1996 Special Assessment Debt Retirement	(80,000)	(80,000)	0
Net Change in Fund Balance	\$ (40,500)	\$ (41,124)	\$ 40,952
<u>FUND BALANCE</u> - Beginning of Year	178,597	297,949	256,997
<u>FUND BALANCE</u> - End of Year	<u>\$ 138,097</u>	<u>\$ 256,825</u>	<u>\$ 297,949</u>

CITY OF CADILLAC, MICHIGAN
1992 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 368
Receivables		
Accounts	<u>150</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 368</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 150	\$ 368
 <u>FUND BALANCE</u>		
Reserved for Debt Service	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 150</u>	<u>\$ 368</u>

CITY OF CADILLAC, MICHIGAN
1992 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>		
Debt Service		
Principal Retirement	\$ 0	\$ 15,000
Interest and Fiscal Charges	150	753
Audit	0	350
	<u>150</u>	<u>16,103</u>
Total Expenditures	\$ 150	\$ 16,103
Excess (Deficiency) of Revenues Over Expenditures	\$ (150)	\$ (16,103)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In - Local Street	<u>150</u>	<u>15,932</u>
Net Change in Fund Balance	\$ 0	\$ (171)
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>171</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CADILLAC, MICHIGAN
1993 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 2,943	\$ 1,217
Investments	62,601	67,192
Receivables		
Accrued Interest	3,603	4,280
Special Assessments - Current	9,262	9,598
Special Assessments - Deferred	37,051	47,991
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 115,460</u>	<u>\$ 130,278</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 37,051	\$ 47,991
<u>FUND BALANCE</u>		
Reserved for Debt Service	78,409	82,287
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 115,460</u>	<u>\$ 130,278</u>

CITY OF CADILLAC, MICHIGAN
1993 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 9,000	\$ 10,940	\$ 10,098
Penalties and Interest	0	60	47
Interest and Rents			
Interest on Investments	3,000	2,452	2,882
Interest on Assessments	3,500	2,779	3,456
Total Revenues	<u>\$ 15,500</u>	<u>\$ 16,231</u>	<u>\$ 16,483</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 15,000
Interest and Fiscal Charges	4,700	4,609	5,490
Audit	400	500	485
Total Expenditures	<u>\$ 20,100</u>	<u>\$ 20,109</u>	<u>\$ 20,975</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (4,600)	\$ (3,878)	\$ (4,492)
<u>FUND BALANCE</u> - Beginning of Year	<u>199,579</u>	<u>82,287</u>	<u>86,779</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 194,979</u>	<u>\$ 78,409</u>	<u>\$ 82,287</u>

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CITY OF CADILLAC, MICHIGAN
1993 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 15,000
Interest and Fiscal Charges	3,500	3,453	4,360
Audit	400	360	350
Total Expenditures	\$ 18,900	\$ 18,813	\$ 19,710
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (18,900)	\$ (18,813)	\$ (19,710)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Local Street	15,000	18,000	19,400
Net Change in Fund Balance	\$ (3,900)	\$ (813)	\$ (310)
<u>FUND BALANCE</u> - Beginning of Year	3,990	4,080	4,390
<u>FUND BALANCE</u> - End of Year	\$ 90	\$ 3,267	\$ 4,080

CITY OF CADILLAC, MICHIGAN
1994 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 6,318	\$ 6,445
Investments	0	35,203
Receivables		
Accrued Interest	0	1,617
Special Assessments - Current	0	27,647
TOTAL ASSETS	<u>\$ 6,318</u>	<u>\$ 70,912</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 6,318	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	0	70,912
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,318</u>	<u>\$ 70,912</u>

CITY OF CADILLAC, MICHIGAN
1994 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 15,000	\$ 0	\$ 28,042
Penalties and Interest	0	35	82
Interest and Rents			
Interest on Investments	500	361	815
Interest on Assessments	2,000	0	1,617
Total Revenues	<u>\$ 17,500</u>	<u>\$ 396</u>	<u>\$ 30,556</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 30,000	\$ 30,000
Interest and Fiscal Charges	1,000	926	2,534
Audit	400	500	485
Total Expenditures	<u>\$ 31,400</u>	<u>\$ 31,426</u>	<u>\$ 33,019</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (13,900)	\$ (31,030)	\$ (2,463)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out			
1994 Special Assessment Debt Retirement	(51,600)	(39,882)	0
Net Change in Fund Balance	\$ (65,500)	\$ (70,912)	\$ (2,463)
<u>FUND BALANCE</u> - Beginning of Year	<u>65,575</u>	<u>70,912</u>	<u>73,375</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 75</u>	<u>\$ 0</u>	<u>\$ 70,912</u>

CITY OF CADILLAC, MICHIGAN
1996 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 1,490	\$ 20,815
Investments	206,213	82,658
Receivables		
Accrued Interest	9,235	10,711
Special Assessments - Current	18,228	20,248
Special Assessments - Deferred	112,730	143,206
Due from Other Funds	12,571	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 360,467	\$ 277,638
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 112,730	\$ 143,206
<u>FUND BALANCE</u>		
Reserved for Debt Service	247,737	134,432
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 360,467	\$ 277,638
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
1996 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 23,000	\$ 30,477	\$ 32,835
Penalties and Interest	300	164	494
Interest and Rents			
Interest on Investments	1,500	1,876	1,897
Interest on Assessments	12,500	9,013	10,754
Total Revenues	\$ 37,300	\$ 41,530	\$ 45,980
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 35,000	\$ 35,000	\$ 30,000
Interest and Fiscal Charges	12,400	12,607	14,102
Audit	400	500	485
Total Expenditures	\$ 47,800	\$ 48,107	\$ 44,587
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,500)	\$ (6,577)	\$ 1,393
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In			
1992 Special Assessment Debt Retirement	\$ 80,000	\$ 80,000	\$ 0
1994 Special Assessment Debt Retirement	51,600	39,882	0
Total Other Financing Sources (Uses)	\$ 131,600	\$ 119,882	\$ 0
Net Change in Fund Balance	\$ 121,100	\$ 113,305	\$ 1,393
<u>FUND BALANCE</u> - Beginning of Year	125,839	134,432	133,039
<u>FUND BALANCE</u> - End of Year	\$ 246,939	\$ 247,737	\$ 134,432

CITY OF CADILLAC, MICHIGAN
1996 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 265	\$ 301
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	265	301
TOTAL LIABILITIES AND FUND BALANCE	\$ 265	\$ 301

CITY OF CADILLAC, MICHIGAN
1996 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Retirement			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 10,000
Interest and Fiscal Charges	9,700	9,676	10,512
Audit	400	360	350
Total Expenditures	\$ 25,100	\$ 25,036	\$ 20,862
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (25,100)	\$ (25,036)	\$ (20,862)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Local Street	25,100	25,000	20,800
Net Change in Fund Balance	\$ 0	\$ (36)	\$ (62)
<u>FUND BALANCE</u> - Beginning of Year	363	301	363
<u>FUND BALANCE</u> - End of Year	\$ 363	\$ 265	\$ 301

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 21,484	\$ 15,444
Investments	14,653	14,478
Receivables		
Accrued Interest	11,399	13,159
Special Assessments - Current	20,298	21,088
Special Assessments - Deferred	159,097	189,790
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 226,931</u>	<u>\$ 253,959</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 159,097	\$ 189,790
<u>FUND BALANCE</u>		
Reserved for Debt Service	67,834	64,169
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 226,931</u>	<u>\$ 253,959</u>

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 20,000	\$ 29,637	\$ 22,741
Penalties and Interest	0	32	0
Interest and Rents			
Interest on Investments	300	175	442
Interest on Assessments	13,000	11,705	13,610
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 33,300	\$ 41,549	\$ 36,793
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 25,000	\$ 25,000	\$ 25,000
Interest and Fiscal Charges	12,500	12,384	13,789
Audit	500	500	485
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 38,000	\$ 37,884	\$ 39,274
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (4,700)	\$ 3,665	\$ (2,481)
<u>FUND BALANCE</u> - Beginning of Year	63,250	64,169	66,650
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 58,550	\$ 67,834	\$ 64,169
	<hr/>	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 1,877	\$ 510
Investments	0	6,174
Due from Other Funds	150	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,027	\$ 6,684
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Debt Service	2,027	6,684
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,027	\$ 6,684
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 0	\$ 70	\$ 158
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 10,000	\$ 10,000	\$ 5,000
Interest and Fiscal Charges	4,400	4,367	4,848
Audit	400	360	350
Total Expenditures	\$ 14,800	\$ 14,727	\$ 10,198
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (14,800)	\$ (14,657)	\$ (10,040)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Local Street	10,800	10,000	9,900
Net Change in Fund Balance	\$ (4,000)	\$ (4,657)	\$ (140)
<u>FUND BALANCE</u> - Beginning of Year	6,424	6,684	6,824
<u>FUND BALANCE</u> - End of Year	\$ 2,424	\$ 2,027	\$ 6,684

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 496	\$ 356
Due from Other Funds	<u>150</u>	<u>0</u>
Total Assets	<u>\$ 646</u>	<u>\$ 356</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 150	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>496</u>	<u>356</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 646</u>	<u>\$ 356</u>

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 0	\$ 0	\$ 124
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 15,000
Interest and Fiscal Charges	13,000	12,900	13,730
Audit	400	360	350
Total Expenditures	\$ 28,400	\$ 28,260	\$ 29,080
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (28,400)	\$ (28,260)	\$ (28,956)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Component Unit			
DDA Capital Projects	28,400	28,400	28,579
Net Change in Fund Balance	\$ 0	\$ 140	\$ (377)
<u>FUND BALANCE</u> - Beginning of Year	33	356	733
<u>FUND BALANCE</u> - End of Year	\$ 33	\$ 496	\$ 356

CITY OF CADILLAC, MICHIGAN
1998 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 11,095	\$ 3,195
Investments	36,358	35,924
Receivables		
Accrued Interest	7,899	10,367
Special Assessments - Current	13,799	17,596
Special Assessments - Deferred	102,634	135,123
TOTAL ASSETS	<u>\$ 171,785</u>	<u>\$ 202,205</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 17,000	\$ 39,000
Deferred Revenues	102,634	135,123
Total Liabilities	\$ 119,634	\$ 174,123
<u>FUND BALANCE</u>		
Reserved for Debt Service	52,151	28,082
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 171,785</u>	<u>\$ 202,205</u>

CITY OF CADILLAC, MICHIGAN
1998 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Taxes and Special Assessments		
Special Assessments	\$ 32,528	\$ 22,787
Penalties and Interest	183	148
Interest and Rents		
Interest on Investments	435	886
Interest on Assessments	8,290	10,660
	<hr/>	<hr/>
Total Revenues	\$ 41,436	\$ 34,481
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Debt Service		
Principal Retirement	\$ 13,407	\$ 55,486
Interest and Fiscal Charges	3,600	6,114
Audit	360	350
	<hr/>	<hr/>
Total Expenditures	\$ 17,367	\$ 61,950
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,069	\$ (27,469)
<u>FUND BALANCE</u> - Beginning of Year	<hr/> 28,082	<hr/> 55,551
<u>FUND BALANCE</u> - End of Year	<hr/> <hr/> \$ 52,151	<hr/> <hr/> \$ 28,082

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 4,051	\$ 517
Receivables		
Accrued Interest	5,383	7,084
Special Assessments - Current	10,378	11,808
Special Assessments - Deferred	72,509	98,864
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 92,321</u>	<u>\$ 118,273</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,124
Deferred Revenues	72,509	98,864
	<hr/>	<hr/>
Total Liabilities	\$ 72,509	\$ 99,988
<u>FUND BALANCE</u>		
Reserved for Debt Service	19,812	18,285
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 92,321</u>	<u>\$ 118,273</u>

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 16,900	\$ 25,496	\$ 14,065
Penalties and Interest	0	96	98
Interest and Rents			
Interest on Assessments	6,000	6,046	7,138
Total Revenues	<u>\$ 22,900</u>	<u>\$ 31,638</u>	<u>\$ 21,301</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 20,000
Interest and Fiscal Charges	9,700	9,611	10,768
Audit	400	500	485
Total Expenditures	<u>\$ 30,100</u>	<u>\$ 30,111</u>	<u>\$ 31,253</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,200)	\$ 1,527	\$ (9,952)
<u>FUND BALANCE</u> - Beginning of Year	<u>20,537</u>	<u>18,285</u>	<u>28,237</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 13,337</u>	<u>\$ 19,812</u>	<u>\$ 18,285</u>

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 538	\$ 622
	<u>538</u>	<u>622</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	538	622
	<u>538</u>	<u>622</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 538	\$ 622
	<u>538</u>	<u>622</u>

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 10,000	\$ 10,000	\$ 5,000
Interest and Fiscal Charges	16,000	15,724	16,235
Audit	400	360	350
Total Expenditures	\$ 26,400	\$ 26,084	\$ 21,585
Excess (Deficiency) of Revenues Over Expenditures	\$ (26,400)	\$ (26,084)	\$ (21,585)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - Local Street	26,400	26,000	21,300
Net Change in Fund Balance	\$ 0	\$ (84)	\$ (285)
<u>FUND BALANCE</u> - Beginning of Year	607	622	907
<u>FUND BALANCE</u> - End of Year	\$ 607	\$ 538	\$ 622

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 27,457	\$ 0
Receivables		
Accrued Interest	10,306	1,261
Special Assessments - Current	19,310	27,452
Special Assessments - Deferred	170,044	269,600
Due from Other Funds	1,279	3,359
	<hr/>	<hr/>
TOTAL ASSETS	\$ 228,396	\$ 301,672
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 170,044	\$ 269,600
<u>FUND BALANCE</u>		
Reserved for Debt Service	58,352	32,072
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 228,396	\$ 301,672
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 20,000	\$ 41,428	\$ 30,424
Penalties and Interest	0	49	0
Interest and Rents			
Interest on Assessments	12,000	10,492	309
Interest on Investments	0	0	1,339
Total Revenues	<u>\$ 32,000</u>	<u>\$ 51,969</u>	<u>\$ 32,072</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 0
Interest and Fiscal Charges	11,000	10,089	0
Audit	600	600	0
Contracted Services	0	0	8,981
Bond Issuance Costs	0	0	950
Total Expenditures	<u>\$ 26,600</u>	<u>\$ 25,689</u>	<u>\$ 9,931</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,400	\$ 26,280	\$ 22,141
<u>OTHER FINANCING SOURCES</u>			
Bond Proceeds	0	0	9,931
Net Change in Fund Balance	\$ 5,400	\$ 26,280	\$ 32,072
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>32,072</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 5,400</u>	<u>\$ 58,352</u>	<u>\$ 32,072</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The accounting for this group of funds is on the modified accrual basis.

Industrial Park Fund - The purpose is the acquisition and development of a 240 acre tract of land into an industrial park for light manufacturing companies. Part of the development costs of 95.5 acres have been through a Small Cities Grant from the State of Michigan Department of Commerce.

Special Assessments Capital Projects Fund - Accounts for preliminary and construction work on projects that are subsequently paid from special assessments.

James E. Potvin Industrial Park Fund - The purpose is to develop the infrastructure of the 40 acres recently acquired to house the expanded industrial park. Grants are the major source of revenue for this fund.

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2003

	INDUSTRIAL PARK	SPECIAL ASSESSMENTS CAPITAL PROJECTS	JAMES E. POTVIN INDUSTRIAL PARK	TOTALS
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 10,146	\$ 67	\$ 428	\$ 10,641
Investments	203,730	0	0	203,730
Receivables				
Accrued Interest	3,677	2,762	0	6,439
Special Assessments				
Current	0	5,174	0	5,174
Deferred	0	39,237	0	39,237
Due from Other Funds	0	209,673	0	209,673
Due from Other Governments	0	0	88,771	88,771
TOTAL ASSETS	\$ 217,553	\$ 256,913	\$ 89,199	\$ 563,665
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 483	\$ 0	\$ 483
Due to Other Funds	0	61,095	87,164	148,259
Deferred Revenue	0	39,237	2,035	41,272
Total Liabilities	\$ 0	\$ 100,815	\$ 89,199	\$ 190,014
<u>FUND BALANCES</u>				
Reserved for				
Industrial Development	\$ 217,553	\$ 0	\$ 0	\$ 217,553
Special Assessment Project				
Construction	0	156,098	0	156,098
Total Fund Balances	\$ 217,553	\$ 156,098	\$ 0	\$ 373,651
TOTAL LIABILITIES AND FUND BALANCES	\$ 217,553	\$ 256,913	\$ 89,199	\$ 563,665

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	INDUSTRIAL PARK	SPECIAL ASSESSMENTS CAPITAL PROJECTS	JAMES E. POTVIN INDUSTRIAL PARK	TOTALS
<u>REVENUES</u>				
Taxes and Special Assessments	\$ 0	\$ 5,221	\$ 0	\$ 5,221
Federal Grants	0	0	434,952	434,952
Contributions from Local Units	0	45,066	0	45,066
Interest and Rents	5,374	3,161	0	8,535
Other Revenue	66,650	5,200	0	71,850
Total Revenues	\$ 72,024	\$ 58,648	\$ 434,952	\$ 565,624
<u>EXPENDITURES</u>				
Capital Outlay	\$ 10,456	\$ 112,770	\$ 139,676	\$ 262,902
Debt Service	0	7,000	0	7,000
Total Expenditures	\$ 10,456	\$ 119,770	\$ 139,676	\$ 269,902
Excess (Deficiency) of Revenues Over Expenditures	\$ 61,568	\$ (61,122)	\$ 295,276	\$ 295,722
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan Proceeds	\$ 0	\$ 0	\$ 231,905	\$ 231,905
Operating Transfers In	0	0	61,307	61,307
Operating Transfers (Out)	(61,307)	(82,760)	(588,488)	(732,555)
Net Other Financing Sources (Uses)	\$ (61,307)	\$ (82,760)	\$ (295,276)	\$ (439,343)
Net Change in Fund Balances	\$ 261	\$ (143,882)	\$ 0	\$ (143,621)
<u>FUND BALANCES</u> - Beginning of Year	217,292	299,980	0	517,272
<u>FUND BALANCES</u> - End of Year	\$ 217,553	\$ 156,098	\$ 0	\$ 373,651

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 10,146	\$ 7,422
Investments	203,730	210,355
Receivables		
Accrued Interest	3,677	1,913
Due from Other Funds	0	500
TOTAL ASSETS	<u>\$ 217,553</u>	<u>\$ 220,190</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,898
<u>FUND BALANCE</u>		
Reserved for Industrial Development	217,553	217,292
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 217,553</u>	<u>\$ 220,190</u>

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 5,374	\$ 7,826
Other Revenue		
Sale of Property	66,650	77,800
	<hr/>	<hr/>
Total Revenues	\$ 72,024	\$ 85,626
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Capital Outlay		
Land Purchase	\$ 0	\$ 2,898
Contracted Services	421	0
Fees and Commissions	6,150	7,730
Office Supplies	50	560
Property Taxes	3,235	2,098
Audit	600	485
	<hr/>	<hr/>
Total Expenditures	\$ 10,456	\$ 13,771
	<hr/>	<hr/>
Excess (Deficiency) of		
Revenues Over Expenditures	\$ 61,568	\$ 71,855
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers Out		
James E. Potvin Industrial Park Fund	(61,307)	0
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 261	\$ 71,855
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	217,292	145,437
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 217,553	\$ 217,292
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 67	\$ 61,324
Receivables		
Accrued Interest	2,762	3,148
Special Assessments - Current	5,174	5,291
Special Assessments - Deferred	39,237	45,592
Due from Other Funds	209,673	471,212
	<hr/>	<hr/>
TOTAL ASSETS	\$ 256,913	\$ 586,567
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 483	\$ 159,417
Due to Other Funds	61,095	23,470
Deferred Revenues	39,237	103,700
	<hr/>	<hr/>
Total Liabilities	\$ 100,815	\$ 286,587
<u>FUND BALANCE</u>		
Reserved for Special Assessment Project Construction	156,098	299,980
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 256,913	\$ 586,567
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Taxes and Special Assessments		
Special Assessments	\$ 5,221	\$ 0
Contributions from Local Units	45,066	32,855
Interest and Rents		
Interest on Assessments	3,161	3,953
Other Revenue		
Contributions from Private Sources	5,200	0
Total Revenues	<u>\$ 58,648</u>	<u>\$ 36,808</u>
<u>EXPENDITURES</u>		
Capital Outlay		
Audit	\$ 2,100	\$ 2,000
Public Improvements	110,670	56,652
Debt Service		
Principal Retirement	5,521	29,774
Interest and Fiscal Charges	1,479	1,226
Total Expenditures	<u>\$ 119,770</u>	<u>\$ 89,652</u>
Excess (Deficiency) of		
Revenues Over Expenditures	<u>\$ (61,122)</u>	<u>\$ (52,844)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Proceeds of Bonds Payable	\$ 0	\$ 311,819
Operating Transfers In (Out)		
Local Street Fund - Street Construction Costs	(82,760)	(91,382)
Net Other Financing Sources (Uses)	<u>\$ (82,760)</u>	<u>\$ 220,437</u>
Net Change in Fund Balance	\$ (143,882)	\$ 167,593
<u>FUND BALANCE</u> - Beginning of Year	299,980	132,387
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 156,098</u></u>	<u><u>\$ 299,980</u></u>

CITY OF CADILLAC, MICHIGAN
JAMES E. POTVIN INDUSTRIAL PARK FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 428	\$ 10,612
Due from Other Governments	88,771	600,640
	<hr/>	
TOTAL ASSETS	\$ 89,199	\$ 611,252
	<hr/>	
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 313,366
Retainage Payable	0	53,978
Due to Other Funds	87,164	243,908
Deferred Revenues	2,035	0
	<hr/>	
Total Liabilities	\$ 89,199	\$ 611,252
	<hr/>	
<u>FUND BALANCE</u>	0	0
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 89,199	\$ 611,252
	<hr/>	

CITY OF CADILLAC, MICHIGAN
JAMES E. POTVIN INDUSTRIAL PARK FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Federal Grants		
United States Economic Development Administration		
Public Works and Development Facilities Grant	\$ 434,952	\$ 441,935
<u>EXPENDITURES</u>		
Capital Outlay		
Industrial Park Development	139,676	406,923
Excess (Deficiency) of		
Revenues Over Expenditures	\$ 295,276	\$ 35,012
<u>OTHER FINANCING SOURCES (USES)</u>		
Community Development Block Grant Loan Proceeds	\$ 231,905	\$ 193,401
Operating Transfers In		
Industrial Park Fund	61,307	0
Operating Transfers (Out)		
Local Street Fund	(353,632)	0
Water and Sewer Fund	(234,856)	(228,413)
Total Other Financing Sources (Uses)	\$ (295,276)	\$ (35,012)
Net Change in Fund Balance	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0

NONMAJOR PERMANENT FUNDS

Nonmajor Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

In this category, the City of Cadillac administers the transactions of the:

Cemetery Perpetual Care Fund - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the investment income is used to maintain the cemetery operation.

Capital Projects Trust Fund - The gain from the sale of the City's investment in an electric cogeneration plant has been set aside as an endowment for capital projects. Investment earnings from the endowment will be used for capital projects as deemed appropriate by the City Council.

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2003

	CEMETERY PERPETUAL CARE	CAPITAL PROJECTS TRUST	TOTALS
<u>ASSETS</u>			
Cash	\$ 24,457	\$ 27,265	\$ 51,722
Investments	398,552	537,208	935,760
Receivables			
Accrued Interest	0	3,525	3,525
TOTAL ASSETS	\$ 423,009	\$ 567,998	\$ 991,007
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 23,754	\$ 0	\$ 23,754
<u>FUND BALANCES</u>			
Reserved For:			
Cemetery Perpetual Care	\$ 399,255	\$ 0	\$ 399,255
Capital Projects	0	567,998	567,998
Total Fund Balances	\$ 399,255	\$ 567,998	\$ 967,253
TOTAL LIABILITIES AND FUND BALANCES	\$ 423,009	\$ 567,998	\$ 991,007

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	CEMETERY PERPETUAL CARE FUND	CAPITAL PROJECTS TRUST FUND	TOTALS
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 21,442	\$ 5,464	\$ 26,906
Gain (Loss) on Investments	17,355	(16,813)	542
Other Revenues	8,400	0	8,400
	<hr/>	<hr/>	<hr/>
Total Revenues (Loss)	\$ 47,197	\$ (11,349)	\$ 35,848
<u>EXPENDITURES</u>			
General Government			
Contractual Services	930	360	1,290
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,267	\$ (11,709)	\$ 34,558
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (Out)	(21,442)	0	(21,442)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	\$ 24,825	\$ (11,709)	\$ 13,116
<u>FUND BALANCES</u> - Beginning of Year	374,430	579,707	954,137
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u> - End of Year	\$ 399,255	\$ 567,998	\$ 967,253
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 24,457	\$ 4,598
Investments	398,552	385,251
	<hr/>	<hr/>
TOTAL ASSETS	\$ 423,009	\$ 389,849
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 23,754	\$ 15,419
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Cemetery Perpetual Care	399,255	374,430
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 423,009	\$ 389,849
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	2003	2002
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 21,442	\$ 29,885
Gain (Loss) on Investments	17,355	(33,696)
Other Revenue		
Perpetual Care of Lots	8,400	11,600
	<hr/>	<hr/>
Total Revenues	\$ 47,197	\$ 7,789
<u>EXPENDITURES</u>		
General Government		
Audit	930	900
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,267	\$ 6,889
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers (Out)		
Cemetery Operating Fund	(21,442)	(29,885)
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 24,825	\$ (22,996)
<u>FUND BALANCE</u> - Beginning of Year	374,430	397,426
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 399,255	\$ 374,430
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 27,265	\$ 0
Investments	537,208	572,950
Receivables		
Accrued Interest	3,525	3,252
Due from Other Funds	0	12,100
	<hr/>	<hr/>
TOTAL ASSETS	\$ 567,998	\$ 588,302
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Bank Overdraft	\$ 0	\$ 8,595
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Capital Projects Endowment	\$ 567,998	\$ 579,694
Capital Projects	0	13
	<hr/>	<hr/>
Total Fund Balance	\$ 567,998	\$ 579,707
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 567,998	\$ 588,302
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 5,464	\$ 8,029
Gain (Loss) on Investments	(16,813)	(59,736)
Other Revenue		
Contributions from Private Sources	<u>0</u>	<u>6,061</u>
Total Revenues (Loss)	\$ (11,349)	\$ (45,646)
<u>EXPENDITURES</u>		
General Government		
Audit	<u>360</u>	<u>350</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,709)	\$ (45,996)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers (Out)		
Local Street Fund	<u>0</u>	<u>(33,900)</u>
Net Change in Fund Balance	\$ (11,709)	\$ (79,896)
<u>FUND BALANCE</u> - Beginning of Year	<u>579,707</u>	<u>659,603</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 567,998</u>	<u>\$ 579,707</u>

NONMAJOR ENTERPRISE FUND

Proprietary funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The significant characteristic of Proprietary Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of proprietary funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

Automobile Parking System Fund - This fund accounts for operations of the on-street and off-street parking facilities within the City.

CITY OF CADILLAC, MICHIGANAUTOMOBILE PARKING SYSTEMCOMPARATIVE STATEMENT OF NET ASSETSJUNE 30,

	2003	2002
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 26,435	\$ 3,478
Investments	55,198	54,539
Prepaid Expense	30	24
Total Current Assets	\$ 81,663	\$ 58,041
<u>CAPITAL ASSETS</u>		
Land	\$ 132,301	\$ 132,301
Land Improvements	465,287	444,741
	\$ 597,588	\$ 577,042
Less Accumulated Depreciation	100,639	86,961
Net Fixed Assets	\$ 496,949	\$ 490,081
TOTAL ASSETS	\$ 578,612	\$ 548,122
<u>LIABILITIES</u>		
Accounts Payable	\$ 21,671	\$ 0
Other Accrued Expenses	106	0
Due to Other Funds	1,054	4,200
TOTAL LIABILITIES	\$ 22,831	\$ 4,200
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 496,949	\$ 490,081
Unrestricted	58,832	53,841
TOTAL NET ASSETS	\$ 555,781	\$ 543,922

CITY OF CADILLAC, MICHIGAN
AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Parking Lot Assessments	\$ 40,710	\$ 40,710
Parking Meter Violations	1,931	2,142
Courtesy Parking	1,675	1,885
Other Revenue	100	93
	<hr/>	<hr/>
Total Operating Revenues	\$ 44,416	\$ 44,830
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 7,759	\$ 5,669
Employee Benefits	4,262	2,942
Office Supplies	665	146
Audit	720	700
Data Processing	2,400	2,400
Depreciation	13,678	12,993
Snow Removal		
Personal Services	4,366	5,259
Employee Benefits	2,399	2,844
Operating Supplies	0	54
Equipment Rental	10,774	12,898
Lot Maintenance		
Personal Services	2,045	1,625
Employee Benefits	1,123	879
Operating Supplies	1,695	4,154
Equipment Rental	1,668	1,081
	<hr/>	<hr/>
Total Operating Expenses	\$ 53,554	\$ 53,644
	<hr/>	<hr/>
Operating Income (Loss)	\$ (9,138)	\$ (8,814)
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 997	\$ 1,417
Transfer In - Cadillac Development Fund	20,000	0
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 20,997	\$ 1,417
	<hr/>	<hr/>
Change in Net Assets	\$ 11,859	\$ (7,397)
<u>TOTAL NET ASSETS - Beginning of Year</u>	543,922	551,319
	<hr/>	<hr/>
<u>TOTAL NET ASSETS -End of Year</u>	\$ 555,781	\$ 543,922
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGANAUTOMOBILE PARKING SYSTEMCOMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED JUNE 30,

	2003	2002
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 44,316	\$ 44,813
Cash Payments to Suppliers for Goods and Services	(7,187)	(25,826)
Cash Payments to Employees for Services	(14,064)	(12,553)
Other Operating Revenues	100	93
Net Cash Provided (Used) by Operating Activities	\$ 23,165	\$ 6,527
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (20,546)	\$ 0
Transfer In - Cadillac Development Fund	20,000	0
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (546)	\$ 0
Cash Flows from Investing Activities:		
Interest Received	\$ 997	\$ 1,417
Purchase of Investment Securities	(659)	(26,299)
Proceeds from Sale and Maturities of Investment Securities	0	15,000
Net Cash Provided (Used) by Investing Activities	\$ 338	\$ (9,882)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 22,957	\$ (3,355)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	3,478	6,833
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 26,435	\$ 3,478

CITY OF CADILLAC, MICHIGANAUTOMOBILE PARKING SYSTEMCOMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (9,138)</u>	<u>\$ (8,814)</u>
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation	\$ 13,678	\$ 12,993
(Increase) Decrease in Current Assets		
Prepaid Expense	(6)	(10)
Due from Other Funds	0	76
Increase (Decrease) in Current Liabilities		
Accounts Payable	21,671	0
Other Accrued Expenses	106	0
Due to Other Funds	<u>(3,146)</u>	<u>2,282</u>
Total Adjustments	<u>\$ 32,303</u>	<u>\$ 15,341</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 23,165</u>	<u>\$ 6,527</u>

INTERNAL SERVICE FUNDS

Internal service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund make up the internal service funds category.

Central Stores and Municipal Garage Fund - Operates the motor pool for the City.

Data Processing Fund - Provides computer services to the various other funds that use the City's computer.

Self-Insurance Fund - Is a self-funded account that provides for hospitalization and life insurance for municipal employees at a limited amount of risk to the City.

Safety Fund - This fund was created to educate and encourage safety throughout the City organizations.

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2003

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>ASSETS</u>		
Cash	\$ 117,737	\$ 525
Investments	46,482	17,305
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accounts	5,986	0
Accrued Interest	983	0
Due from Other Funds	61,723	0
Inventory, At Cost	27,286	787
Prepaid Expense	18,922	5,621
Fixed Assets (Net of Accumulated Depreciation)	800,604	120,344
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,079,723	\$ 144,582
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,889	\$ 351
Other Accrued Expenses	24,356	2,109
Due to Other Funds	3,193	1,425
Capital Lease	0	36,860
TOTAL LIABILITIES	\$ 33,438	\$ 40,745
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested In Capital Assets, Net of Related Debt	\$ 800,604	\$ 120,344
Restricted		
Retirees' Life Insurance	0	0
Employees' Life and Health Insurance	0	0
Unrestricted	245,681	(16,507)
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 1,046,285	\$ 103,837
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT I-1

SELF- INSURANCE	SAFETY	TOTALS
\$ 23,575	\$ 5,735	\$ 147,572
294,933	0	358,720
356	0	6,342
2,179	0	3,162
0	0	61,723
0	0	28,073
43,260	0	67,803
0	0	920,948
<u>\$ 364,303</u>	<u>\$ 5,735</u>	<u>\$ 1,594,343</u>
\$ 23,369	\$ 215	\$ 29,824
0	0	26,465
41,798	246	46,662
0	0	36,860
<u>\$ 65,167</u>	<u>\$ 461</u>	<u>\$ 139,811</u>
\$ 0	\$ 0	\$ 920,948
154,574	0	154,574
144,562	0	144,562
0	5,274	234,448
<u>\$ 299,136</u>	<u>\$ 5,274</u>	<u>\$ 1,454,532</u>

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2003

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 463,780	\$ 193,925
Other Revenue	0	0
	<hr/>	<hr/>
Total Operating Revenues	\$ 463,780	\$ 193,925
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 117,377	\$ 41,253
Contractual Services	50,968	23,041
Supplies	72,504	10,769
Heat, Light and Power	19,301	419
Depreciation	129,627	56,766
Employee Benefits	66,752	14,490
Benefit Payments	0	0
Equipment Rental	22,540	0
Administrative	41,700	16,600
	<hr/>	<hr/>
Total Operating Expenses	\$ 520,769	\$ 163,338
	<hr/>	<hr/>
Operating Income (Loss)	\$ (56,989)	\$ 30,587
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 1,959	\$ 1,098
Interest and Fiscal Charges	0	(2,666)
Gain (Loss) on Sale of Fixed Assets	2,140	0
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 4,099	\$ (1,568)
	<hr/>	<hr/>
Changes In Net Assets	\$ (52,890)	\$ 29,019
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,099,175	74,818
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - End of Year	\$ 1,046,285	\$ 103,837
	<hr/>	<hr/>

STATEMENT I-2

SELF- INSURANCE	SAFETY	TOTALS
\$ 740,493	\$ 5,300	\$ 1,403,498
11,080	0	11,080
\$ 751,573	\$ 5,300	\$ 1,414,578
\$ 0	\$ 500	\$ 159,130
24,534	345	98,888
0	912	84,185
0	0	19,720
0	0	186,393
0	0	81,242
616,680	0	616,680
0	0	22,540
0	0	58,300
\$ 641,214	\$ 1,757	\$ 1,327,078
\$ 110,359	\$ 3,543	\$ 87,500
\$ 11,608	\$ 25	\$ 14,690
0	0	(2,666)
0	0	2,140
\$ 11,608	\$ 25	\$ 14,164
\$ 121,967	\$ 3,568	\$ 101,664
177,169	1,706	1,352,868
\$ 299,136	\$ 5,274	\$ 1,454,532

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2003

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Operating Transactions with Other Funds	\$ 553,351	\$ 193,900
Cash Received from Customers	0	25
Cash Payments to Suppliers for Goods and Services	(285,564)	(66,993)
Cash Payments to Employees for Services	(107,640)	(41,144)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 160,147	\$ 85,788
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Fixed Assets	\$ (99,010)	\$ (72,232)
Principal Payments	0	(29,927)
Interest Paid	0	(2,666)
Proceeds from Sale of Fixed Assets	2,140	0
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	\$ (96,870)	\$ (104,825)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 1,959	\$ 1,098
Purchase of Investment Securities	(46,627)	(100,796)
Proceeds from Sale and Maturities of Investment Securities	55,000	115,000
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 10,332	\$ 15,302
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 73,609	\$ (3,735)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	44,128	4,260
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 117,737	\$ 525
	<hr/>	<hr/>

STATEMENT I-3

<u>SELF- INSURANCE</u>	<u>SAFETY</u>	<u>TOTALS</u>
\$ 872,475	\$ 5,300	\$ 1,625,026
0	0	25
(653,647)	(2,514)	(1,008,718)
0	(500)	(149,284)
<u>0</u>	<u>(500)</u>	<u>(149,284)</u>
\$ 218,828	\$ 2,286	\$ 467,049
<u>218,828</u>	<u>2,286</u>	<u>467,049</u>
\$ 0	\$ 0	\$ (171,242)
0	0	(29,927)
0	0	(2,666)
0	0	2,140
<u>0</u>	<u>0</u>	<u>2,140</u>
\$ 0	\$ 0	\$ (201,695)
<u>0</u>	<u>0</u>	<u>(201,695)</u>
\$ 11,608	\$ 25	\$ 14,690
(723,254)	0	(870,677)
467,022	0	637,022
<u>467,022</u>	<u>0</u>	<u>637,022</u>
\$ (244,624)	\$ 25	\$ (218,965)
<u>(244,624)</u>	<u>25</u>	<u>(218,965)</u>
\$ (25,796)	\$ 2,311	\$ 46,389
<u>(25,796)</u>	<u>2,311</u>	<u>46,389</u>
49,371	3,424	101,183
<u>49,371</u>	<u>3,424</u>	<u>101,183</u>
\$ 23,575	\$ 5,735	\$ 147,572
<u>23,575</u>	<u>5,735</u>	<u>147,572</u>

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

YEAR ENDED JUNE 30, 2003

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (56,989)	\$ 30,587
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	\$ 129,627	\$ 56,766
(Increase) Decrease in Current Assets		
Accounts Receivable	(5,626)	0
Accrued Interest	(983)	0
Due from Other Funds	95,197	0
Inventory	10,347	501
Prepaid Expense	(15,925)	(160)
Increase (Decrease) in Current Liabilities		
Accounts Payable	1,315	(883)
Other Accrued Expenses	(9)	109
Due to Other Funds	3,193	(1,132)
Total Adjustments	\$ 217,136	\$ 55,201
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 160,147	\$ 85,788

STATEMENT I-3

<u>SELF- INSURANCE</u>	<u>SAFETY</u>	<u>TOTALS</u>
\$ 110,359	\$ 3,543	\$ 87,500
\$ 0	\$ 0	\$ 186,393
69	0	(5,557)
(2,179)	0	(3,162)
123,012	0	218,209
0	0	10,848
(41,930)	0	(58,015)
(12,301)	215	(11,654)
0	0	100
41,798	(1,472)	42,387
\$ 108,469	\$ (1,257)	\$ 379,549
\$ 218,828	\$ 2,286	\$ 467,049

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 117,737	\$ 44,128
Investments	46,482	54,855
Receivables		
Accounts	5,986	360
Accrued Interest	983	0
Due from Other Funds	61,723	156,921
Inventory, At Cost	27,286	37,633
Prepaid Expense	18,922	2,997
	<hr/>	<hr/>
Total Current Assets	\$ 279,119	\$ 296,894
	<hr/>	<hr/>
<u>FIXED ASSETS</u>		
Land and Land Improvements	\$ 93,970	\$ 93,970
Buildings	411,945	411,945
Machinery and Equipment	1,510,627	1,423,522
	<hr/>	<hr/>
	\$ 2,016,542	\$ 1,929,437
	<hr/>	<hr/>
Less Accumulated Depreciation	1,215,938	1,098,216
	<hr/>	<hr/>
Net Fixed Assets	\$ 800,604	\$ 831,221
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,079,723</u>	<u>\$ 1,128,115</u>

	2003	2002
<hr/>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,889	\$ 4,575
Other Accrued Expenses	24,356	24,365
Due to Other Funds	3,193	0
	<hr/>	
TOTAL LIABILITIES	\$ 33,438	\$ 28,940
	<hr/>	
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 800,604	\$ 831,221
Unrestricted	245,681	267,954
	<hr/>	
TOTAL NET ASSETS	\$ 1,046,285	\$ 1,099,175
	<hr/>	

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Services and Materials	\$ 30,531	\$ 31,057
Equipment Rentals	433,249	419,426
	<hr/>	<hr/>
Total Operating Revenues	\$ 463,780	\$ 450,483
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 107,631	\$ 96,333
Contractual Services	6,764	15,896
Employee Safety	900	900
Operating Supplies	69,049	61,998
Audit	2,880	2,800
Bad Debts	50	0
Data Processing	10,600	8,200
Insurance	14,912	13,300
Property Taxes	1,804	1,523
Travel and Education	805	873
Employee Benefits	61,398	54,471
Heat, Light and Power	19,301	13,285
Equipment Maintenance	12,253	14,334
Equipment Rental	2,351	147
Depreciation	129,627	130,195
Outside Work		
Salaries and Wages	9,746	11,134
Operating Supplies	3,455	4,450
Employee Benefits	5,354	5,979
Equipment Rental	10,940	7,926
Vehicle Lease	9,249	0
Administrative	41,700	34,400
	<hr/>	<hr/>
Total Operating Expenses	\$ 520,769	\$ 478,144
	<hr/>	<hr/>
Operating Income (Loss)	\$ (56,989)	\$ (27,661)
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 1,959	\$ 3,701
Gain (Loss) on Sale of Fixed Assets	2,140	26,306
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 4,099	\$ 30,007
	<hr/>	<hr/>
Change in Net Assets	\$ (52,890)	\$ 2,346
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,099,175	1,096,829
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - End of Year	\$ 1,046,285	\$ 1,099,175
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Operating Transactions with Other Funds	\$ 553,351	\$ 320,084
Cash Payments to Suppliers for Goods and Services	(285,564)	(242,083)
Cash Payments to Employees for Services	(107,640)	(103,718)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	\$ 160,147	\$ (25,717)
	<u> </u>	<u> </u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Fixed Assets	\$ (99,010)	\$ (120,769)
Proceeds from Sale of Fixed Assets	2,140	26,306
	<u> </u>	<u> </u>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (96,870)	\$ (94,463)
	<u> </u>	<u> </u>
Cash Flows from Investing Activities:		
Interest Received	\$ 1,959	\$ 3,701
Purchase of Investment Securities	(46,627)	(3,065)
Proceeds from Sale and Maturity of Investment Securities	55,000	140,000
	<u> </u>	<u> </u>
Net Cash Provided (Used) By Investing Activities	\$ 10,332	\$ 140,636
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 73,609	\$ 20,456
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>44,128</u>	<u>23,672</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 117,737</u>	<u>\$ 44,128</u>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u> <u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (56,989)	\$ (27,661)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities		
Depreciation	\$ 129,627	\$ 130,195
(Increase) Decrease in Current Assets		
Accounts Receivable	(5,626)	6,666
Accrued Interest	(983)	0
Due from Other Funds	95,197	(137,065)
Inventory	10,347	(1,445)
Prepaid Expense	(15,925)	725
Increase (Decrease) in Current Liabilities		
Accounts Payable	1,315	(805)
Accrued Expenses	(9)	3,749
Due to Other Funds	3,193	(76)
Total Adjustments	<u>\$ 217,136</u>	<u>\$ 1,944</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 160,147</u>	<u>\$ (25,717)</u>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2003	2002
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 525	\$ 4,260
Investments	17,305	31,509
Inventory, at Cost	787	1,288
Prepaid Expense	5,621	5,461
	<hr/>	<hr/>
Total Current Assets	\$ 24,238	\$ 42,518
	<hr/>	<hr/>
<u>FIXED ASSETS</u>		
Furniture, Fixtures and Equipment	\$ 463,638	\$ 411,844
Less Accumulated Depreciation	343,294	306,966
	<hr/>	<hr/>
Net Fixed Assets	\$ 120,344	\$ 104,878
	<hr/>	<hr/>
TOTAL ASSETS	\$ 144,582	\$ 147,396
	<hr/>	<hr/>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 351	\$ 1,234
Other Accrued Expenses	2,109	2,000
Due to Other Funds	1,425	2,557
Current Portion of Capital Lease	31,462	29,927
	<hr/>	<hr/>
Total Current Liabilities	\$ 35,347	\$ 35,718
	<hr/>	<hr/>
<u>LONG TERM LIABILITIES</u>		
Capital Lease	\$ 5,398	\$ 36,860
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 40,745	\$ 72,578
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 120,344	\$ 104,878
Unrestricted (Deficit)	(16,507)	(30,060)
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 103,837	\$ 74,818
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2003	2002
<u>OPERATING REVENUES</u>		
Charges For Services	\$ 25	\$ 0
Interdepartmental Billings	193,900	194,000
	<hr/>	<hr/>
Total Revenues	\$ 193,925	\$ 194,000
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 41,253	\$ 39,748
Employee Benefits	14,490	13,390
Dues and Publications	84	267
Audit	720	700
Insurance	290	290
Computer Programming	13,982	17,274
Telephone	419	70
Travel and Education	922	1,205
Office Supplies	10,769	6,273
Depreciation	56,766	70,739
Repairs and Maintenance	7,043	7,153
Administrative	16,600	13,900
	<hr/>	<hr/>
Total Operating Expenses	\$ 163,338	\$ 171,009
	<hr/>	<hr/>
Operating Income (Loss)	\$ 30,587	\$ 22,991
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 1,098	\$ 2,140
Interest and Fiscal Charges	(2,666)	(3,728)
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (1,568)	\$ (1,588)
	<hr/>	<hr/>
Change In Net Assets	\$ 29,019	\$ 21,403
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	74,818	53,415
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - End of Year	\$ 103,837	\$ 74,818
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Operating Transactions with Other Funds	\$ 193,900	\$ 194,000
Cash Received from Customers	25	0
Cash Payments to Suppliers for Goods and Services	(66,993)	(72,879)
Cash Payments to Employees for Services	(41,144)	(39,081)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 85,788	\$ 82,040
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Fixed Assets	\$ (72,232)	\$ (29,450)
Principal Paid on Capital Lease	(29,927)	(26,149)
Interest Paid on Lease	(2,666)	(3,728)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (104,825)	\$ (59,327)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 1,098	\$ 2,140
Purchase of Investment Securities	(100,796)	(151,989)
Proceeds from Sale and Maturities of Investment Securities	115,000	130,000
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 15,302	\$ (19,849)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (3,735)	\$ 2,864
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<hr/> 4,260	<hr/> 1,396
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<hr/> \$ 525	<hr/> \$ 4,260

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u> <u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 30,587	\$ 22,991
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	\$ 56,766	\$ 70,739
(Increase) Decrease in Current Assets		
Inventory	501	(809)
Prepaid Expense	(160)	(29)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(883)	(1,441)
Other Accrued Expenses	109	667
Due to Other Funds	(1,132)	(10,078)
Total Adjustments	\$ 55,201	\$ 59,049
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 85,788	\$ 82,040

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 23,575	\$ 49,371
Investments	294,933	38,701
Receivables		
Accounts	356	425
Accrued Interest	2,179	0
Due from Other Funds	0	123,012
Prepaid Expense	43,260	1,330
	<hr/>	<hr/>
TOTAL ASSETS	\$ 364,303	\$ 212,839
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 23,369	\$ 35,670
Due To Other Funds	41,798	0
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 65,167	\$ 35,670
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Restricted For:		
Retirees' Life Insurance	\$ 154,574	\$ 145,070
Employees' Life and Health Insurance	144,562	32,099
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 299,136	\$ 177,169
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Employer Contributions	\$ 740,493	\$ 687,433
Other Revenue	11,080	7,928
	<hr/>	<hr/>
Total Operating Revenues	\$ 751,573	\$ 695,361
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Contractual Services		
Administration	\$ 24,534	\$ 34,657
Benefit Payments		
Insurance Premiums	383,593	405,609
Medical Claims	233,087	286,172
Death Benefits	0	2,500
	<hr/>	<hr/>
Total Operating Expenses	\$ 641,214	\$ 728,938
	<hr/>	<hr/>
Operating Income (Loss)	\$ 110,359	\$ (33,577)
	<hr/>	<hr/>
<u>NONOPERATING REVENUES</u>		
Interest Revenue	11,608	2,330
	<hr/>	<hr/>
Change In Net Assets	\$ 121,967	\$ (31,247)
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	177,169	208,416
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - End of Year	\$ 299,136	\$ 177,169
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2003	2002
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Operating Transactions with Other Funds	\$ 872,475	\$ 663,061
Cash Payments to Suppliers for Goods and Services	(653,647)	(710,256)
Net Cash Provided (Used) by Operating Activities	\$ 218,828	\$ (47,195)
Cash Flows from Investing Activities:		
Interest Received	\$ 11,608	\$ 2,330
Purchase of Investment Securities	(723,254)	(51,287)
Proceeds from Sale and Maturities of Investment Securities	467,022	45,000
Net Cash Provided (Used) by Investing Activities	\$ (244,624)	\$ (3,957)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (25,796)	\$ (51,152)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	49,371	100,523
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 23,575	\$ 49,371
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 110,359	\$ (33,577)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities		
(Increase) Decrease in Current Assets		
Accounts Receivable	\$ 69	\$ (269)
Accrued Interest Receivable	(2,179)	0
Due from Other Funds	123,012	(32,031)
Prepaid Expense	(41,930)	15,600
Increase (Decrease) in Current Liabilities		
Accounts Payable	(12,301)	3,082
Due to Other Funds	41,798	0
Total Adjustments	\$ 108,469	\$ (13,618)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 218,828	\$ (47,195)

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 5,735	\$ 3,424
<u>LIABILITIES</u>		
Accounts Payable	\$ 215	\$ 0
Due to Other Funds	246	1,718
TOTAL LIABILITIES	\$ 461	\$ 1,718
<u>NET ASSETS</u>		
Unrestricted	\$ 5,274	\$ 1,706

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Interdepartmental Billings	\$ 5,300	\$ 5,300
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 500	\$ 1,440
Operating Supplies	912	976
Dues and Publications	10	1,456
Audit	310	300
Travel and Education	25	379
Total Operating Expenses	\$ 1,757	\$ 4,551
Operating Income (Loss)	\$ 3,543	\$ 749
<u>NONOPERATING REVENUE (EXPENSES)</u>		
Interest Revenue	25	28
Change in Net Assets	\$ 3,568	\$ 777
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,706	929
<u>TOTAL NET ASSETS</u> - End of Year	\$ 5,274	\$ 1,706

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2003	2002
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Quasi-External Operating Transactions with Other Funds	\$ 5,300	\$ 5,300
Cash Payments to Suppliers for Goods and Services	(2,514)	(3,008)
Cash Payments to Employees for Services	(500)	(1,440)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 2,286	\$ 852
Cash Flows from Investing Activities		
Interest Received	25	28
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,311	\$ 880
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<hr/> 3,424	<hr/> 2,544
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<hr/> <u>\$ 5,735</u>	<hr/> <u>\$ 3,424</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<hr/> \$ 3,543	<hr/> \$ 749
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Increase (Decrease) in Current Liabilities		
Accounts Payable	215	0
Due to Other Funds	(1,472)	103
	<hr/>	<hr/>
Total Adjustments	\$ (1,257)	\$ 103
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<hr/> <u>\$ 2,286</u>	<hr/> <u>\$ 852</u>

PENSION TRUST FUND

The Policemen and Firemen Retirement System accounts for assets of the government's public safety employees pension plan which is required to be held in trust for the members and beneficiaries.

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	2003	2002
<u>ASSETS</u>		
Cash	\$ 9,270	\$ 2,173
Investments		
Corporate Bonds and Notes	1,161,180	1,420,016
U.S. Government Securities	264,513	434,643
Common Stocks	2,554,379	2,257,342
Preferred Stocks	309,418	153,362
International Bonds	38,487	26,699
Mutual Funds	217,250	229,414
Receivables		
Accrued Interest	15,814	19,366
Accounts	0	11,852
 TOTAL ASSETS	 \$ 4,570,311	 \$ 4,554,867
 <u>LIABILITIES</u>		
Due to Other Funds	108,869	66,219
 <u>NET ASSETS</u>		
Held in Trust for Employees' Pension Benefits	\$ 4,461,442	\$ 4,488,648

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ADDITIONS</u>		
Contributions		
Employer	\$ 268,859	\$ 228,793
Employee	46,942	39,967
Total Contributions	<u>\$ 315,801</u>	<u>\$ 268,760</u>
Investment Income		
Interest and Dividend Income	\$ 117,652	\$ 118,458
Net Appreciation (Depreciation) in the		
Fair Value of Plan Investments	(64,356)	(705,777)
Investment Expenses	(43,865)	(49,066)
Net Investment Income (Loss)	<u>\$ 9,431</u>	<u>\$ (636,385)</u>
Total Additions (Deletions)	<u>\$ 325,232</u>	<u>\$ (367,625)</u>
<u>DEDUCTIONS</u>		
Benefit Payments		
Retirement	\$ 340,713	\$ 311,688
Administrative Expenses		
Contracted Services		
Actuarial Fees	10,375	7,950
Auditing	1,350	1,300
Total Deductions	<u>\$ 352,438</u>	<u>\$ 320,938</u>
Net Increase (Decrease) in Plan Assets	\$ (27,206)	\$ (688,563)
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Beginning of Year	<u>4,488,648</u>	<u>5,177,211</u>
End of Year	<u><u>\$ 4,461,442</u></u>	<u><u>\$ 4,488,648</u></u>

AGENCY FUNDS

CURRENT TAX COLLECTION FUND

The Current Tax Collection Fund functions as the property tax collection agent for the area schools and county.

PAYROLL FUND

The Payroll Fund is used to account for the payroll paid to all employees. This fund has its own depository and has no revenue or expenditure accounts; it is composed of only balance sheet accounts.

CITY OF CADILLAC, MICHIGANCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2003

	BALANCE 7/1/2002	ADDITIONS	DEDUCTIONS	BALANCE 6/30/2003
<u>CURRENT TAX COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash	\$ 17,730	\$ 15,445,039	\$ 15,403,136	\$ 59,633
Investments	66,698	507	67,205	0
Due from Other Governments	1,201	380	679	902
Due from Component Units	4	0	4	0
Total Assets	<u>\$ 85,633</u>	<u>\$ 15,445,926</u>	<u>\$ 15,471,024</u>	<u>\$ 60,535</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 41,224	\$ 7,658,980	\$ 7,653,153	\$ 47,051
Due to Other Funds	33,211	13,567	33,367	13,411
Due to Component Units	11,198	25,796	36,921	73
Total Liabilities	<u>\$ 85,633</u>	<u>\$ 7,698,343</u>	<u>\$ 7,723,441</u>	<u>\$ 60,535</u>
<u>PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash	\$ 2,176	\$ 4,206,814	\$ 4,206,601	\$ 2,389
Due from Other Funds	0	1,681,400	1,681,400	0
Prepaid Items	35	1,564,280	1,564,269	46
Total Assets	<u>\$ 2,211</u>	<u>\$ 7,452,494</u>	<u>\$ 7,452,270</u>	<u>\$ 2,435</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 2,211	\$ 2,546,014	\$ 2,545,790	\$ 2,435
Payroll Withholdings	0	1,158,829	1,158,829	0
Total Liabilities	<u>\$ 2,211</u>	<u>\$ 3,704,843</u>	<u>\$ 3,704,619</u>	<u>\$ 2,435</u>

CITY OF CADILLAC, MICHIGANCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2003

	BALANCE			BALANCE
	7/1/2002	ADDITIONS	DEDUCTIONS	6/30/2003
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 19,906	\$ 19,651,853	\$ 19,609,737	\$ 62,022
Investments	66,698	507	67,205	0
Due from Other Funds	0	1,681,400	1,681,400	0
Due from Component Units	4	0	4	0
Due from Other Governments	1,201	380	679	902
Prepaid Items	35	1,564,280	1,564,269	46
Total Assets	\$ 87,844	\$ 22,898,420	\$ 22,923,294	\$ 62,970
<u>LIABILITIES</u>				
Due to Other Governments	\$ 41,224	\$ 7,658,980	\$ 7,653,153	\$ 47,051
Due to Other Funds	35,422	2,559,581	2,579,157	15,846
Due to Component Units	11,198	25,796	36,921	73
Payroll Withholdings	0	1,158,829	1,158,829	0
Total Liabilities	\$ 87,844	\$ 11,403,186	\$ 11,428,060	\$ 62,970

COMPONENT UNITS

MAJOR COMPONENT UNIT

L.D.F.A. Operating Fund - This fund was established to operate the groundwater cleanup facility located in the industrial park.

NONMAJOR COMPONENT UNITS

Downtwon Development Authority- This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A 2 mill maximum tax levy can be levied by the board when needed.

D.D.A. Capital Projects Fund - This fund was established to provide a source of revenue for the D.D.A. to undertake various capital and public infrastructure improvements within the D.D.A. Development district.

Economic Development Corporation - This fund was established to act as an economic development corporation for the City of Cadillac in accordance with State law.

L.D.F.A. Debt Retirement Fund - To account for the accumulation of resources and payment of bond principal and interest.

L.D.F.A. Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the L.D.F.A.

Brownfield Redevelopment Authority - This fund identifies contaminated sites and remediates them, and provides financing to do so. This fund was established pursuant to Michigan Public Act 381 of 1996.

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2003

	MAJOR L.D.F.A. OPERATING	TOTAL NONMAJOR COMPONENT UNITS	TOTALS
<u>ASSETS</u>			
<u>ASSETS</u>			
Cash	\$ 692	\$ 212,481	\$ 213,173
Investments	1,955,696	1,132,716	3,088,412
Receivables			
Taxes	0	171	171
Accounts	0	2,358	2,358
Accrued Interest	18,980	11,617	30,597
Due from Primary Government	0	38,866	38,866
Prepaid Expenditures	0	15	15
Fixed Assets (Net of Accumulated Depreciation)	0	177,578	177,578
TOTAL ASSETS	\$ 1,975,368	\$ 1,575,802	\$ 3,551,170
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,589	\$ 5,101	\$ 15,690
Accrued Expenditures	421	53	474
Due to Primary Government	2,011	28,212	30,223
Deferred Revenue	292,188	171	292,359
Total Liabilities	\$ 305,209	\$ 33,537	\$ 338,746
<u>EQUITY</u>			
Invested In Capital Assets, Net of Related Debt	\$ 0	\$ 177,578	\$ 177,578
Net Assets			
Unrestricted	0	118,938	118,938
Fund Balance			
Reserved for:			
Debt Service	0	1,017,205	1,017,205
Ground Water Clean-up	1,670,159	0	1,670,159
Unreserved	0	228,544	228,544
Total Net Assets/Fund Balance	\$ 1,670,159	\$ 1,542,265	\$ 3,212,424
TOTAL LIABILITIES AND EQUITY	\$ 1,975,368	\$ 1,575,802	\$ 3,551,170

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	MAJOR L.D.F.A. OPERATING	TOTAL NONMAJOR COMPONENT UNITS	TOTALS
<u>REVENUES</u>			
Taxes	\$ 145,400	\$ 910,064	\$ 1,055,464
Interest and Rents	99,345	41,276	140,621
Other Revenues	0	7,550	7,550
Total Revenues	\$ 244,745	\$ 958,890	\$ 1,203,635
<u>EXPENDITURES</u>			
Economic Development	\$ 0	\$ 40,912	\$ 40,912
Public Works	190,728	0	190,728
Capital Outlay	0	38,486	38,486
Debt Service			
Principal Retirement	0	660,000	660,000
Interest and Fiscal Charges	0	120,268	120,268
Total Expenditures	\$ 190,728	\$ 859,666	\$ 1,050,394
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,017	\$ 99,224	\$ 153,241
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out - Primary Government	0	(62,123)	(62,123)
Net Change in Fund Balances	\$ 54,017	\$ 37,101	\$ 91,118
<u>FUND BALANCES</u> - Beginning of Year	1,616,142	1,208,648	2,824,790
<u>FUND BALANCES</u> - End of Year	\$ 1,670,159	\$ 1,245,749	\$ 2,915,908

CITY OF CADILLAC, MICHIGAN

NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2003

	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>	<u>ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>		
<u>ASSETS</u>		
Cash	\$ 94,164	\$ 1,167
Investments	25,627	0
Receivables		
Taxes	171	0
Accounts	0	0
Accrued Interest	0	0
Due from Primary Government	73	0
Prepaid Expenditures	15	0
Fixed Assets (Net of Accumulated Depreciation)	0	0
TOTAL ASSETS	<u>\$ 120,050</u>	<u>\$ 1,167</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,101	\$ 0
Accrued Expenditures	0	0
Due to Primary Government	28,145	0
Deferred Revenue	171	0
Total Liabilities	<u>\$ 33,417</u>	<u>\$ 0</u>
<u>EQUITY</u>		
Invested In Capital Assets, Net of Related Debt	\$ 0	\$ 0
Net Assets		
Unrestricted	0	0
Fund Balance		
Reserved for:		
Debt Service	0	0
Unreserved	86,633	1,167
Total Net Assets/Fund Balance	<u>\$ 86,633</u>	<u>\$ 1,167</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 120,050</u>	<u>\$ 1,167</u>

STATEMENT L-3

NONMAJOR L.D.F.A.	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTALS
\$ 18,748	\$ 98,402	\$ 212,481
1,081,330	25,759	1,132,716
0	0	171
2,358	0	2,358
11,617	0	11,617
22,210	16,583	38,866
0	0	15
177,578	0	177,578
<u>\$ 1,313,841</u>	<u>\$ 140,744</u>	<u>\$ 1,575,802</u>
\$ 0	\$ 0	\$ 5,101
53	0	53
67	0	28,212
0	0	171
<u>\$ 120</u>	<u>\$ 0</u>	<u>\$ 33,537</u>
\$ 177,578	\$ 0	\$ 177,578
118,938	0	118,938
1,017,205	0	1,017,205
0	140,744	228,544
<u>\$ 1,313,721</u>	<u>\$ 140,744</u>	<u>\$ 1,542,265</u>
<u>\$ 1,313,841</u>	<u>\$ 140,744</u>	<u>\$ 1,575,802</u>

CITY OF CADILLAC, MICHIGAN

NONMAJOR COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2003

	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION
<u>REVENUES</u>		
Taxes	\$ 85,771	\$ 0
Interest and Rents	592	0
Other Revenues	7,550	0
Total Revenues	\$ 93,913	\$ 0
<u>EXPENDITURES</u>		
Economic Development	\$ 40,116	\$ 0
Capital Outlay	38,486	0
Debt Service		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
Total Expenditures	\$ 78,602	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,311	\$ 0
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers Out - Primary Government	(62,123)	0
Net Change in Fund Balances	\$ (46,812)	\$ 0
<u>FUND BALANCES</u> - Beginning of Year	133,445	1,167
<u>FUND BALANCES</u> - End of Year	\$ 86,633	\$ 1,167

STATEMENT L-4

NONMAJOR L.D.F.A. DEBT	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTALS
\$ 780,864	\$ 43,429	\$ 910,064
40,376	308	41,276
0	0	7,550
<u>\$ 821,240</u>	<u>\$ 43,737</u>	<u>\$ 958,890</u>
 \$ 0	 \$ 796	 \$ 40,912
0	0	38,486
660,000	0	660,000
120,268	0	120,268
<u>\$ 780,268</u>	<u>\$ 796</u>	<u>\$ 859,666</u>
<u>\$ 40,972</u>	<u>\$ 42,941</u>	<u>\$ 99,224</u>
 0	 0	 (62,123)
\$ 40,972	\$ 42,941	\$ 37,101
976,233	97,803	1,208,648
<u>\$ 1,017,205</u>	<u>\$ 140,744</u>	<u>\$ 1,245,749</u>

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2003

	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 9,867	\$ 84,297	\$ 94,164
Investments	4,907	20,720	25,627
Receivables			
Taxes	171	0	171
Due from Primary Government	73	0	73
Prepaid Expenditures	15	0	15
TOTAL ASSETS	\$ 15,033	\$ 105,017	\$ 120,050
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,040	\$ 2,061	\$ 5,101
Due to Primary Government	582	27,563	28,145
Deferred Revenue	171	0	171
Total Liabilities	\$ 3,793	\$ 29,624	\$ 33,417
<u>FUND BALANCE</u>			
Unreserved	11,240	75,393	86,633
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,033	\$ 105,017	\$ 120,050

CITY OF CADILLAC, MICHIGANDOWNTOWN DEVELOPMENT AUTHORITY FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESYEAR ENDED JUNE 30, 2003

	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 27,369	\$ 58,402	\$ 85,771
Interest and Rents	375	217	592
Other Revenues	7,550	0	7,550
Total Revenues	\$ 35,294	\$ 58,619	\$ 93,913
<u>EXPENDITURES</u>			
Economic Development	\$ 38,195	\$ 1,921	\$ 40,116
Capital Outlay	38,486	0	38,486
Total Expenditures	\$ 76,681	\$ 1,921	\$ 78,602
Excess (Deficiency) of Revenues Over Expenditures	\$ (41,387)	\$ 56,698	\$ 15,311
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out - Primary Government	\$ 0	\$ (62,123)	\$ (62,123)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	\$ (41,387)	\$ (5,425)	\$ (46,812)
<u>FUND BALANCE</u> - Beginning of Year	52,627	80,818	133,445
<u>FUND BALANCE</u> - End of Year	\$ 11,240	\$ 75,393	\$ 86,633

CITY OF CADILLAC, MICHIGANDOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGANCOMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
<u>ASSETS</u>		
Cash	\$ 9,867	\$ 8,692
Investments	4,907	44,561
Receivables		
Taxes	171	274
Accounts	0	2,500
Due From Primary Government	73	0
Prepaid Expenditures	15	12
TOTAL ASSETS	<u>\$ 15,033</u>	<u>\$ 56,039</u>
<u>LAIBILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 3,040	\$ 520
Due to Primary Government	582	2,672
Deferred Revenue	171	220
Total Liabilities	\$ 3,793	\$ 3,412
<u>FUND BALANCE</u>		
Unreserved	11,240	52,627
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,033</u>	<u>\$ 56,039</u>

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes			
Property Tax	\$ 28,000	\$ 27,369	\$ 28,109
Penalties and Interest	0	0	68
Total Taxes	\$ 28,000	\$ 27,369	\$ 28,177
Interest and Rents			
Interest	\$ 900	\$ 375	\$ 1,226
Other Revenues			
DEQ Management Fee	\$ 5,000	\$ 5,000	\$ 5,000
Contributions from Private Sources	7,000	2,550	12,500
Total Other Revenues	\$ 12,000	\$ 7,550	\$ 17,500
Total Revenues	\$ 40,900	\$ 35,294	\$ 46,903
<u>EXPENDITURES</u>			
Economic Development			
Personal Services	\$ 19,700	\$ 21,041	\$ 18,402
Employee Benefits	5,000	4,887	1,537
Audit	700	670	650
Contractual Services	6,500	6,530	15,613
Postage	600	535	391
Printing and Publishing	1,200	1,668	507
Office Supplies	600	506	395
Travel and Education	200	275	190
Miscellaneous	1,600	2,083	4,065
Capital Outlay	38,500	38,486	10,000
Total Expenditures	\$ 74,600	\$ 76,681	\$ 51,750
Excess (Deficiency) of Revenues Over Expenditures	\$ (33,700)	\$ (41,387)	\$ (4,847)
<u>FUND BALANCE</u> - Beginning of Year	\$ 40,474	\$ 52,627	\$ 57,474
<u>FUND BALANCE</u> - End of Year	\$ 6,774	\$ 11,240	\$ 52,627

CITY OF CADILLAC, MICHIGAND.D.A. CAPITAL PROJECTS FUNDA COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGANCOMPARATIVE BALANCE SHEETJUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 84,297	\$ 61,764
Investments	20,720	20,473
Due from Other Governments	0	162,850
TOTAL ASSETS	<u>\$ 105,017</u>	<u>\$ 245,087</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,061	\$ 7,579
Due to Primary Government	27,563	0
Deferred Revenue	0	156,690
Total Liabilities	\$ 29,624	\$ 164,269
<u>FUND BALANCE</u>		
Unreserved	<u>75,393</u>	<u>80,818</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 105,017</u>	<u>\$ 245,087</u>

CITY OF CADILLAC, MICHIGAN
D.D.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Federal Grants			
Community Development Block Grant	\$ 112,500	\$ 0	\$ 6,160
Taxes			
Property Taxes	65,000	58,402	63,715
Interest and Rents			
Interest	900	217	360
Total Revenues	<u>\$ 178,400</u>	<u>\$ 58,619</u>	<u>\$ 70,235</u>
<u>EXPENDITURES</u>			
Economic Development			
Construction	\$ 150,000	\$ 321	\$ 7,579
Contracted Services	0	1,600	0
Audit	400	0	350
Total Expenditures	<u>\$ 150,400</u>	<u>\$ 1,921</u>	<u>\$ 7,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,000</u>	<u>\$ 56,698</u>	<u>\$ 62,306</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out - Primary Government			
Downtown Gateway Project Fund	\$ 0	\$ (33,723)	\$ 0
1997 Building Authority Debt Retirement Fund	(28,000)	(28,400)	(28,579)
Total Other Financing Sources (Uses)	<u>\$ (28,000)</u>	<u>\$ (62,123)</u>	<u>\$ (28,579)</u>
Net Change in Fund Balance	\$ 0	\$ (5,425)	\$ 33,727
<u>FUND BALANCE</u> - Beginning of Year	<u>63,391</u>	<u>80,818</u>	<u>47,091</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 63,391</u>	<u>\$ 75,393</u>	<u>\$ 80,818</u>

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	<u>\$ 1,167</u>	<u>\$ 1,167</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved	<u>1,167</u>	<u>1,167</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,167</u>	<u>\$ 1,167</u>

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>		
Economic Development		
Audit	<u>0</u>	<u>125</u>
Excess (Deficiency) of Revenues		
Over Expenditures	\$ 0	\$ (125)
<u>FUND BALANCE</u> - Beginning of Year	<u>1,167</u>	<u>1,292</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,167</u>	<u>\$ 1,167</u>

CITY OF CADILLAC, MICHIGAN

L.D.F.A. FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2003

	OPERATING FUND	DEBT RETIREMENT FUND
<u>ASSETS</u>		
Cash	\$ 692	\$ 674
Investments	1,955,696	982,704
Receivables		
Accrued Interest	18,980	11,617
Accounts	0	0
Due from Primary Government	0	22,210
Fixed Assets (Net of Accumulated Depreciation)	0	0
TOTAL ASSETS	\$ 1,975,368	\$ 1,017,205
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 10,589	\$ 0
Accrued Expenditures	421	0
Due to Primary Government	2,011	0
Deferred Revenue	292,188	0
Total Liabilities	\$ 305,209	\$ 0
<u>EQUITY AND OTHER CREDITS</u>		
Invested in Capital Assets Net of Related Debt	\$ 0	\$ 0
Net Assets		
Unrestricted	0	0
Fund Balance		
Reserved for:		
Debt Service	0	1,017,205
Ground Water Clean-up	1,670,159	0
Total Net Assets/Fund Balance	\$ 1,670,159	\$ 1,017,205
TOTAL LIABILITIES AND EQUITY	\$ 1,975,368	\$ 1,017,205

STATEMENT L-13

UTILITIES	
FUND	TOTAL
<hr/>	
\$ 18,074	\$ 19,440
98,626	3,037,026
0	30,597
2,358	2,358
0	22,210
177,578	177,578
<hr/>	
\$ 296,636	\$ 3,289,209
<hr/>	
\$ 0	\$ 10,589
53	474
67	2,078
0	292,188
<hr/>	
\$ 120	\$ 305,329
<hr/>	
\$ 177,578	\$ 177,578
118,938	118,938
0	1,017,205
0	1,670,159
<hr/>	
\$ 296,516	\$ 2,983,880
<hr/>	
\$ 296,636	\$ 3,289,209
<hr/>	

CITY OF CADILLAC, MICHIGANL.D.F.A. FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESYEAR ENDED JUNE 30, 2003

	OPERATING FUND	DEBT RETIREMENT FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 145,400	\$ 780,864	\$ 926,264
Interest and Rents	99,345	40,376	139,721
Total Revenues	\$ 244,745	\$ 821,240	\$ 1,065,985
<u>EXPENDITURES</u>			
Public Works	\$ 190,728	\$ 0	\$ 190,728
Debt Service			
Principal Retirement	0	660,000	660,000
Interest and Fiscal Charges	0	120,268	120,268
Total Expenditures	\$ 190,728	\$ 780,268	\$ 970,996
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,017	\$ 40,972	\$ 94,989
<u>FUND BALANCE</u> - Beginning of Year	1,616,142	976,233	2,592,375
<u>FUND BALANCE</u> - End of Year	\$ 1,670,159	\$ 1,017,205	\$ 2,687,364

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	2003	2002
<u>ASSETS</u>		
Cash	\$ 692	\$ 1,632
Investments	1,955,696	1,860,992
Receivables		
Accrued Interest	18,980	20,492
 TOTAL ASSETS	 \$ 1,975,368	 \$ 1,883,116
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 10,589	\$ 6,740
Accrued Expenditures	421	241
Due to Primary Government	2,011	18,886
Deferred Revenue	292,188	241,107
 Total Liabilities	 \$ 305,209	 \$ 266,974
 <u>FUND BALANCE</u>		
Reserved for Groundwater Cleanup	1,670,159	1,616,142
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,975,368	 \$ 1,883,116

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes			
Groundwater Cleanup Special Assessment	\$ 196,500	\$ 145,400	\$ 121,356
Penalty and Interest	300	0	337
Interest and Rents			
Interest	45,000	99,345	105,006
Total Revenues	<u>\$ 241,800</u>	<u>\$ 244,745</u>	<u>\$ 226,699</u>
<u>EXPENDITURES</u>			
Public Works			
Personal Services	\$ 9,000	\$ 12,919	\$ 12,035
Employee Benefits	3,100	6,801	5,712
Audit	400	360	350
Supplies	10,000	8,739	11,165
Contractual Services	95,500	60,526	81,768
Heat, Light and Power	98,700	92,958	90,836
Chemicals	3,000	146	0
Carbon	5,000	0	0
Equipment Maintenance	6,800	8,279	9,234
Total Expenditures	<u>\$ 231,500</u>	<u>\$ 190,728</u>	<u>\$ 211,100</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,300	\$ 54,017	\$ 15,599
<u>FUND BALANCE</u> - Beginning of Year	<u>1,605,443</u>	<u>1,616,142</u>	<u>1,600,543</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,615,743</u>	<u>\$ 1,670,159</u>	<u>\$ 1,616,142</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. DEBT RETIREMENT FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 674	\$ 63,759
Investments	982,704	886,471
Receivables		
Accrued Interest	11,617	11,547
Accounts	0	510
Due from Primary Government	22,210	13,946
TOTAL ASSETS	<u>\$ 1,017,205</u>	<u>\$ 976,233</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	1,017,205	976,233
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,017,205</u>	<u>\$ 976,233</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. DEBT RETIREMENT FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>		<u>2002</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Tax	\$ 925,000	\$ 780,864	\$ 983,845
Penalties and Interest	0	0	57
Interest and Rents			
Interest	50,000	40,376	38,594
Total Revenues	<u>\$ 975,000</u>	<u>\$ 821,240</u>	<u>\$ 1,022,496</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 660,000	\$ 660,000	\$ 630,000
Interest and Fiscal Charges	120,600	119,338	148,408
Audit	600	930	900
Total Expenditures	<u>\$ 781,200</u>	<u>\$ 780,268</u>	<u>\$ 779,308</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 193,800	\$ 40,972	\$ 243,188
<u>FUND BALANCE</u> - Beginning of Year	<u>744,145</u>	<u>976,233</u>	<u>733,045</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 937,945</u>	<u>\$ 1,017,205</u>	<u>\$ 976,233</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 18,074	\$ 6,498
Investments	98,626	97,448
Receivables		
Accounts	2,358	2,773
	<hr/>	<hr/>
Total Current Assets	\$ 119,058	\$ 106,719
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Investment in System	\$ 214,812	\$ 214,812
Less Accumulated Depreciation	37,234	32,938
	<hr/>	<hr/>
Net Capital Assets	\$ 177,578	\$ 181,874
	<hr/>	<hr/>
TOTAL ASSETS	\$ 296,636	\$ 288,593
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accrued Expenses	\$ 53	\$ 22
Due to Primary Government	67	779
	<hr/>	<hr/>
Total Liabilities	\$ 120	\$ 801
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested In Capital Assets	\$ 177,578	\$ 181,874
Unrestricted	118,938	105,918
	<hr/>	<hr/>
Total Net Assets	\$ 296,516	\$ 287,792
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2003	2002
<u>OPERATING REVENUES</u>		
Water Charges to Customers	\$ 14,815	\$ 13,516
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 1,759	\$ 1,933
Employee Benefits	927	925
Audit	360	350
Depreciation	4,296	4,296
Total Operating Expenses	\$ 7,342	\$ 7,504
Operating Income (Loss)	\$ 7,473	\$ 6,012
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	1,251	2,063
Change In Net Assets	\$ 8,724	\$ 8,075
<u>NET ASSETS - Beginning of Year</u>	72,980	64,905
<u>NET ASSETS - End of Year</u>	\$ 81,704	\$ 72,980

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	2003	2002
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 15,229	\$ 15,089
Cash Payments to Suppliers for Goods and Services	(3,726)	(2,451)
Net Cash Provided by Operating Activities	\$ 11,503	\$ 12,638
Cash Flows from Investing Activities		
Interest Received	\$ 1,251	\$ 2,063
Purchase of Investment Securities	(1,178)	(21,940)
Net Cash Provided (Used) by Investing Activities	\$ 73	\$ (19,877)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 11,576	\$ (7,239)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	6,498	13,737
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 18,074	\$ 6,498
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income	\$ 7,474	\$ 6,012
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation	\$ 4,296	\$ 4,296
(Increase) Decrease in Current Assets		
Accounts Receivable	415	1,573
Increase (Decrease) in Current Liabilities		
Other Accrued Expenses	30	(22)
Due to Primary Government	(712)	779
Total Adjustments	\$ 4,029	\$ 6,626
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 11,503	\$ 12,638

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 98,402	\$ 54,973
Investments	25,759	25,451
Due from Primary Government	16,583	17,379
	<hr/>	<hr/>
TOTAL ASSETS	\$ 140,744	\$ 97,803
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved	140,744	97,803
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 140,744	\$ 97,803
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2003

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	2003		2002
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 47,600	\$ 43,429	\$ 45,143
Delinquent Property Taxes	0	0	36,190
Interest and Rents			
Interest on Investments	0	308	452
Total Revenues	\$ 47,600	\$ 43,737	\$ 81,785
<u>EXPENDITURES</u>			
Economic Development			
Advertising	\$ 0	\$ 0	\$ 182
Contracted Services	35,200	281	44,271
Audit	500	515	500
Total Expenditures	\$ 35,700	\$ 796	\$ 44,953
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,900	\$ 42,941	\$ 36,832
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	0	0	44,171
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	\$ 11,900	\$ 42,941	\$ 81,003
<u>FUND BALANCE</u> - Beginning of Year	63,100	97,803	16,800
<u>FUND BALANCE</u> - End of Year	\$ 75,000	\$ 140,744	\$ 97,803

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
<u>MBIA Municipal Investors Service Corporation</u>			
<u>Investment Trust Funds</u>			
Michigan Class Account		\$ 1,571	\$ 1,571
<u>Smith-Barney Account Managed by Lord Abbett Capital</u>			
<u>Investment Trust Funds</u>			
Cash		\$ 35	\$ 35
Dreyfus Liquid Assets, Inc.		60,694	60,694
		\$ 60,729	\$ 60,729
<u>Equity Shares</u>			
Common Stocks			
435 Shares	AMR Corp.	\$ 3,317	\$ 4,785
593 Shares	Alcoa Inc.	18,358	15,122
222 Shares	American Intl. Group Inc.	16,110	12,250
1095 Shares	Apple Computer Inc.	23,316	20,871
382 Shares	Archer-Daniels Midland Co.	4,580	4,916
457 Shares	Baker Hughes Inc.	16,246	15,341
236 Shares	Bank New York Inc.	6,946	6,785
163 Shares	Bank One Corp.	6,636	6,060
114 Shares	Bowater Inc.	5,636	4,269
270 Shares	Bristol Myers Squibb Co.	7,517	7,331
286 Shares	CSX Corp.	9,036	8,606
223 Shares	Carnival Corp.	5,597	7,250
498 Shares	Citigroup, Inc.	11,050	21,314
274 Shares	Clear Channel Communications	8,563	11,615
365 Shares	Comcast Corp	8,186	10,581
420 Shares	Deere & Co.	19,779	19,194
929 Shares	Walt Disney Co.	19,953	18,348
245 Shares	E I Du Pont De Nemours & Co.	9,805	10,202
1205 Shares	EMC Corp.	10,553	12,616
98 Shares	Eaton Corp	6,261	7,704
40 Shares	Emerson Electric Co.	1,937	2,044
707 Shares	Exxon Mobil Corp.	30,413	25,388
302 Shares	Fleetboston Financial Corp.	9,565	8,972
574 Shares	GAP, Inc.	7,545	10,768

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
153 Shares	General Mills Inc.	7,267	7,254
220 Shares	Gillette Co.	6,479	7,009
188 Shares	Illinois Tool Works Inc.	14,377	12,380
420 Shares	International Paper Co.	17,639	15,007
359 Shares	JP Morgan Chase & Co.	10,781	12,271
721 Shares	Limited Brands Inc.	11,809	11,176
101 Shares	Lockheed Martin Corp.	5,904	4,805
252 Shares	MBNA Corp.	4,556	5,252
794 Shares	Mellon Financial Corp.	23,574	22,034
124 Shares	Merck & Company, Inc.	6,922	7,508
240 Shares	Merrill Lynch & Co. Inc.	10,554	11,203
198 Shares	Monsato Co	2,972	4,285
1053 Shares	Motorola Inc.	13,979	9,930
229 Shares	Newmont Mining Corp.	6,228	7,433
207 Shares	Nike	9,763	11,072
150 Shares	Parker-Hannifin Corp.	6,768	6,299
460 Shares	Peoplesoft Inc.	13,154	8,078
142 Shares	Pepsico Inc.	6,941	6,319
116 Shares	Potash Corp. Sask Inc.	7,034	7,424
173 Shares	Praxair Inc.	8,643	10,397
197 Shares	Rohm & Haas Co.	6,326	6,113
338 Shares	SBC Communications, Inc.	10,994	8,636
674 Shares	Schering Plough Corp.	21,468	12,536
180 Shares	Schlumberger Ltd.	9,553	8,563
375 Shares	Staples Inc.	7,218	6,881
479 Shares	Target Corp.	16,304	18,125
420 Shares	Teradyne Inc.	5,282	7,270
47 Shares	3M Company	5,642	6,062
277 Shares	Tribune Co.	12,548	13,379
707 Shares	Tyco Intl. Ltd.	8,957	13,419
111 Shares	Union Pacific Corp.	6,851	6,440
162 Shares	V F Corp.	6,928	5,503
334 Shares	Verizon Communications	13,559	13,176
245 Shares	Viacom Inc.	11,589	10,697
396 Shares	Wachovia Corp.	14,169	15,824
278 Shares	Waste Management, Inc.	7,700	6,697

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
272 Shares	Wells Fargo & Co.	12,859	13,709
199 Shares	Wyeth	8,175	9,064
1492 Shares	Xerox Corp.	12,375	15,800
		\$ 660,746	\$ 657,362
		\$ 721,475	\$ 718,091

Smith-Barney Account Managed by Rittenhouse Capital Management

Investment Trust Funds

Cash	\$ 59	\$ 59
Dreyfus Liquid Assets, Inc.	21,150	21,150
	\$ 21,209	\$ 21,209

Equity Shares

Common Stocks

294 Shares	AFLAC, Inc.	\$ 9,102	\$ 9,040
445 Shares	American International Group	11,937	24,555
343 Shares	Amgen, Inc.	20,099	22,617
124 Shares	Anheuser-Busch Companies Inc.	5,958	6,330
84 Shares	Bank of America Corp.	5,876	6,638
245 Shares	Bed, Bath & Beyond	8,372	9,511
279 Shares	Cardinal Health, Inc.	17,709	17,940
864 Shares	Cisco Systems, Inc.	23,334	14,506
568 Shares	Citigroup, Inc.	23,942	24,310
177 Shares	Coca Cola Co.	9,762	8,215
270 Shares	Colgate Palmolive Co.	8,221	15,646
331 Shares	Dell Computer Corp.	9,339	10,539
211 Shares	Federal National Mortgage Association	7,174	14,230
395 Shares	First Data Corp.	14,983	16,369
1048 Shares	General Electric Co.	15,998	30,057
114 Shares	Goldman Sachs Group Inc.	10,162	9,548
173 Shares	Intel Corp.	3,214	3,600
263 Shares	International Business Machines, Corp.	28,395	21,698
414 Shares	Johnson & Johnson	23,264	21,404
241 Shares	Kohls Corp.	13,033	12,383
320 Shares	Lowes Companies Inc.	13,564	13,744

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
926 Shares	MBNA Corp.	18,702	19,298
278 Shares	Marsh & McLennan Cos Inc.	13,244	14,197
533 Shares	Medtronic, Inc.	15,837	25,568
968 Shares	Microsoft Corp.	34,990	24,820
563 Shares	Nokia Corp.	26,109	9,250
492 Shares	Oracle Corp.	12,930	5,909
365 Shares	Pepsico Inc.	17,251	16,243
842 Shares	Pfizer, Inc.	15,826	28,754
148 Shares	Procter & Gamble Co.	13,283	13,199
324 Shares	SLM Corp.	9,242	12,691
293 Shares	State Street Corp.	10,440	11,544
552 Shares	Sysco Corp.	15,812	16,582
379 Shares	Target Corp.	13,886	14,341
592 Shares	Texas Instruments, Inc.	29,198	10,419
143 Shares	3 M Company	17,536	18,444
258 Shares	United Parcel Service	16,377	16,435
280 Shares	United Health Group Inc.	13,065	14,070
339 Shares	Wal-Mart Stores, Inc.	15,408	18,194
488 Shares	Walgreen Co.	14,257	14,689
286 Shares	Wells Fargo & Co.	11,567	14,414
		\$ 618,398	\$ 631,941
		\$ 639,607	\$ 653,150

Smith-Barney Account Managed by Kayne Anderson

Investment Trust Funds

Dreyfus Liquid Assets, Inc.	\$ 31,223	\$ 31,223
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Equity Shares

Common Stocks

525 Shares	Bemis Co. Inc.	\$ 26,503	\$ 24,570
540 Shares	Brown & Brown, Inc..	17,323	17,550
890 Shares	C.H. Robinson Worldwide, Inc.	28,915	31,541
795 Shares	Catalina Marketing Corp.	25,971	14,032
705 Shares	Certegy Inc.	27,218	19,564
545 Shares	Cincinnati Financial Group	23,446	20,187

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
495 Shares	Cintas Corp.	24,778	17,538
1335 Shares	Copart Inc.	21,407	12,616
585 Shares	Devon Energy Corp.	28,712	31,239
550 Shares	Diagnostic Products Corp.	22,955	22,577
410 Shares	Donaldson Co., Inc.	16,150	18,224
625 Shares	Eaton Vance Corp.	20,782	19,750
635 Shares	Equifax Inc.	16,750	16,510
527 Shares	Fair Isaac & Co., Inc.	20,336	27,114
880 Shares	First Health Group Corp.	23,791	24,306
1395 Shares	Jack Henry & Associates Inc.	25,028	24,970
1640 Shares	IMS Health, Inc.	32,778	29,504
72 Shares	WTS Imperial Cr Inds Inc.	0	NA
1260 Shares	King Pharmaceuticals Inc.	29,370	18,598
945 Shares	Microchip Technology Inc.	22,771	23,389
970 Shares	National Commerce Financial Corp.	27,091	21,524
540 Shares	Regis Corporation	14,539	15,687
630 Shares	Reinsurance Group of America	19,366	20,223
485 Shares	Rent-A-Center Inc.	27,959	36,768
490 Shares	Teleflex Inc.	27,064	20,850
329 Shares	Tootsie Roll Industries Inc.	13,483	10,031
655 Shares	Valspar Corp.	29,761	27,654
720 Shares	Washington Federal Inc.	17,164	16,675
415 Shares	Zebra Technologies Inc.	23,547	31,229
		\$ 654,958	\$ 614,420
		\$ 686,181	\$ 645,643

Smith-Barney Account Managed by Calamos Asset Management

Investment Trust Funds

Cash	\$ 10,670	\$ 10,670
Dreyfus Liquid Assets, Inc.	24,999	24,999
	\$ 35,669	\$ 35,669

Equity Shares

Preferred Stocks

580 Shares	Alltel Corp.	\$ 29,320	\$ 28,855
360 Shares	Baxter Intl. Inc.	18,304	17,647

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
270 Shares	Cendant Corp.	9,366	12,215
720 Shares	Centurytel Inc.	18,270	20,448
1250 Shares	Electronic Data Systems Corp.	22,955	27,563
440 Shares	Ford Motor Company	18,036	19,118
1700 Shares	General Motors 4.50% Ser A Conv.	43,321	41,565
575 Shares	National Australia Bk Ltd.	20,642	22,333
350 Shares	Prudential Financial Inc. 6.75% CV Equity	20,737	19,583
285 Shares	Raytheon Company Trust 1 8.25%	20,819	16,313
400 Shares	Reinsurance Group of America	18,425	22,296
850 Shares	Travelers Property Casualty 4.50% Conv.	21,501	20,400
650 Shares	Valero Energy Corp	19,338	17,582
400 Shares	Washington Mutual Inc.	21,324	23,500
		<u>\$ 302,358</u>	<u>\$ 309,418</u>

International Bonds and Notes

TEVA Pharmaceutical Inds.

0.750%, Due 08/15/2021

\$ 18,300	\$ 20,587
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Telefonos de Mexica SA DE CV Notes

4.250%, Due 06/15/2004

19,400	17,900
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<u>\$ 37,700</u>	<u>\$ 38,487</u>
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Corporate Bonds and Notes

Affiliated Computer Services

3.500%, Due 02/15/2006

\$ 21,729	\$ 23,550
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Alza Corp

0.000%, Due 07/28/2020

14,369	14,250
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American Intl Group Inc.

0.500%, Due 05/15/2007

14,850	14,138
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Amgen Inc.

0.000%, Due 03/01/2032

18,680	18,840
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Avon Products Inc.

0.000%, Due 07/12/2020

18,934	18,419
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Brigg & Stratton Corp.

5.000%, Due 05/15/2006

13,275	13,770
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Brinker Intl Inc.

0.000%, Due 10/10/2021

19,976	21,262
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CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

	COST	MARKET VALUE
Bunge Ltd. Fin. Corp. Global 3.750%, Due 11/15/2022	19,677	19,146
Carnival Corp 2.000%, Due 04/15/2021	10,240	12,210
Cendant Corp 0.000%, Due 02/13/2021	20,064	18,394
Computer Associates Intl. Inc. 5.000%, Due 03/15/2007	19,053	19,220
Countrywide Credit Inds. 0.000%, Due 02/08/2031	28,860	35,900
Devon Energy Corp. Notes 4.900%, Due 08/15/2008	9,994	10,200
Diamond Offshore Drilling Inc. 1.500%, Due 04/15/2031	22,478	23,406
Walt Disney Co. 2.125%, Due 04/15/2023	28,275	29,085
EOP Operating LP 7.250%, Due 11/15/2008	5,263	5,294
First Data Corporation Senior Notes 2.000%, Due 03/01/2008	19,046	20,070
Health Management Association, Notes 0.250%, Due 08/16/2020	19,557	17,213
Inco Ltd. 0.000%, Due 03/29/2007	15,148	16,562
Intl Game Technology 0.000%, Due 01/29/2033	20,560	20,560
Intl Paper Co. 0.000%, Due 06/20/2021	24,518	24,969
Liberty Media Corp. Notes 3.250%, Due 03/15/2031	18,805	20,800
Manpower Inc. 0.000%, Due 08/17/2021	18,622	18,712
Medtronic Inc. 1.250%, Due 09/15/2021	26,216	25,937
Motorola, Inc. Notes 0.000%, Due 09/27/2013	20,094	19,438

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

	COST	MARKET VALUE
Nextel Communications		
6.000%, Due 06/01/2011	16,682	26,156
Quest Diagnostic Inc.		
1.750%, Due 11/30/2021	19,887	20,550
Royal Caribbean Cruises LTD Notes		
0.000%, Due 02/21/2021	28,954	30,013
Young & Rubicam Inc. Notes		
3.000%, Due 01/15/2005	20,479	19,900
	<u>\$ 554,285</u>	<u>\$ 577,964</u>
	<u>\$ 930,012</u>	<u>\$ 961,538</u>

Smith-Barney Account Managed by Lazard Freres Asset Management

Investment Trust Funds

Dreyfus Liquid Assets, Inc.	\$ 11,429	\$ 11,429
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Equity Shares

Common Stocks

940 Shares	ABN Amro Holdings	\$ 19,073	\$ 17,945
665 Shares	Allied Irish Banks Spons ADR	18,252	19,890
679 Shares	Astrazeneca PLC	28,171	27,683
271 Shares	Aventis Spons ADR	6,985	14,824
1010 Shares	AXA - S.A. Spons	19,063	15,766
1010 Shares	Barclays PLC - ADR	30,825	30,219
430 Shares	BP Amoco PLC	18,653	18,069
920 Shares	Cadbury Schweppes PLC	21,369	22,246
475 Shares	Canon, Inc.	14,440	21,684
705 Shares	CIE *Financiere Richemont	11,941	11,398
700 Shares	Danske Bank	4,445	13,632
545 Shares	Diageo PLC	21,316	23,849
335 Shares	Eni Spa Sponsored	17,519	25,473
1020 Shares	Endesa SA	14,446	16,626
565 Shares	Glaxosmithkline PLC	32,487	22,905
493 Shares	HSBC Holdings PLC	19,074	29,141
653 Shares	Heineken N V	24,781	23,170
79 Shares	Kao Corp.	20,251	14,705

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

		COST	MARKET VALUE
540 Shares	Nestle S A	14,082	27,918
1550 Shares	Nokia Corp.	35,774	25,467
758 Shares	Novartis	19,493	30,176
432 Shares	Royal Dutch Petroleum Co.	13,527	20,140
620 Shares	San Paolo-IMI SPA	14,933	11,668
240 Shares	Siemens A G	26,227	11,724
1610 Shares	Societe Generale	9,454	20,412
1300 Shares	Tesco PLC	14,725	14,110
589 Shares	Total SA Spons ADR	13,652	44,646
875 Shares	Unilever PLC	25,813	28,087
520 Shares	UBS AG	22,312	28,808
930 Shares	Vodafone Group PLC	17,255	18,275
		<u>\$ 570,338</u>	<u>\$ 650,656</u>
		<u>\$ 581,767</u>	<u>\$ 662,085</u>

Smith-Barney Account Managed by Madison Investment Advisors

Investment Trust Funds

Dreyfus Liquid Assets, Inc.	\$ 55,420	\$ 55,420
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Corporate Bonds and Notes

American Express		
6.875%, Due 11/01/2005	\$ 52,260	\$ 55,727
Banc One Corp. Sub Notes		
7.000%, Due 07/15/2005	27,561	27,577
Citigroup Inc. Notes		
5.750%, Due 05/10/2006	43,591	44,159
Coca Cola Enterprises Notes		
5.375%, Due 08/15/2006	45,603	48,787
Ford Motor Credit Co. Notes		
6.125%, Due 1/09/2006	31,518	35,921
General Electric Cap Corp		
4.625%, Due 09/15/2009	40,271	42,327
Goldman Sachs Group, Inc. Notes		
7.500%, Due 01/28/2005	49,525	54,636
Household Finance Corp. Notes		
7.875%, Due 03/01/2007	19,561	23,572

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM
INVESTMENT DATA
JUNE 30, 2003

	COST	MARKET VALUE
International Business Machines Corp. Notes 6.45%, Due 8/01/2007	38,861	45,393
Morgan Stanley Dean Witter Notes 7.750%, Due 06/15/2005	55,779	61,282
SBC Communications 5.750%, Due 05/02/2006	49,884	54,791
Wal-Mart Stores Inc. 5.450%, Due 08/01/2006	32,485	32,794
Wells Fargo & Co. Sub Notes 6.875%, Due 04/01/2006	53,486	56,250
	<u>\$ 540,385</u>	<u>\$ 583,216</u>

Government Bonds

Federal Home Loan Mortgage Corp. Dated 11/17/2000, 6.375%, Due 11/15/2003	\$ 52,777	\$ 51,000
Federal Home Loan Mortgage Corp. Dated 07/12/1999, 6.250%, Due 07/15/2004	80,560	78,961
Federal National Mortgage Association Global Debs Dated 12/08/2000, 6.000%, Due 12/15/2005	55,524	55,282
US Treasury Notes SER-G-2004 Dated 08/15/1999, 6.000%, Due 08/15/2004	74,107	73,850
US Treasury Notes SER-E-2006 Dated 05/15/2001, 4.625%, Due 05/15/2006	5,457	5,420
	<u>\$ 268,425</u>	<u>\$ 264,513</u>
	<u>\$ 864,230</u>	<u>\$ 903,149</u>
GRAND TOTAL	<u><u>\$ 4,424,843</u></u>	<u><u>\$ 4,545,227</u></u>

CITY OF CADILLAC, MICHIGAN

1990 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1990 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<u>DATE OF ISSUE</u>	June 1, 1990		
<u>AMOUNT OF ISSUE</u>	\$ 335,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 235,000		
During Current Period	<u>30,000</u>	<u>265,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2003		<u>\$ 70,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	6.50 %	\$ 35,000	\$ 2,013	\$ 37,013
April 1, 2004			875	875
October 1, 2004	5.00	<u>35,000</u>	<u>875</u>	<u>35,875</u>
		<u>\$ 70,000</u>	<u>\$ 3,763</u>	<u>\$ 73,763</u>

CITY OF CADILLAC, MICHIGAN

1993 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1993 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	Defraying a portion of the cost of local street improvements in the City.		
<u>DATE OF ISSUE</u>	June 1, 1993		
<u>AMOUNT OF ISSUE</u>	\$ 185,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 115,000		
During Current Period	<u>15,000</u>	<u>130,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2003		<u>\$ 55,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.20 %	\$ 15,000	\$ 1,460	\$ 16,460
April 1, 2004			1,070	1,070
October 1, 2004	5.30	20,000	1,070	21,070
April 1, 2005			540	540
October 1, 2005	5.40	<u>20,000</u>	<u>540</u>	<u>20,540</u>
		<u>\$ 55,000</u>	<u>\$ 4,680</u>	<u>\$ 59,680</u>

CITY OF CADILLAC, MICHIGAN

1996 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1996 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<u>DATE OF ISSUE</u>	May 1, 1996		
<u>AMOUNT OF ISSUE</u>	\$ 230,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 50,000		
During Current Period	<u>15,000</u>	<u>65,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2003</u>		<u>\$ 165,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.50 %	\$ 15,000	\$ 4,538	\$ 19,538
April 1, 2004			4,125	4,125
October 1, 2004	5.50	15,000	4,125	19,125
April 1, 2005			3,712	3,712
October 1, 2005	5.50	20,000	3,712	23,712
April 1, 2006			3,162	3,162
October 1, 2006	5.50	20,000	3,162	23,162
April 1, 2007			2,612	2,612
October 1, 2007	5.50	20,000	2,612	22,612
April 1, 2008			2,063	2,063
October 1, 2008	5.50	25,000	2,063	27,063
April 1, 2009			1,375	1,375
October 1, 2009	5.50	25,000	1,375	26,375
April 1, 2010			687	687
October 1, 2010	5.50	<u>25,000</u>	<u>687</u>	<u>25,687</u>
		<u>\$ 165,000</u>	<u>\$ 40,010</u>	<u>\$ 205,010</u>

CITY OF CADILLAC, MICHIGAN

1997 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1997 Michigan Transportation Fund Bonds
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952 as amended.
<u>DATE OF ISSUE</u>	May 1, 1997
<u>AMOUNT OF ISSUE</u>	\$ 110,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 25,000
During Current Period	<u>10,000</u> <u>35,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u><u>\$ 75,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.00 %	\$ 10,000	\$ 1,965	\$ 11,965
April 1, 2004			1,715	1,715
October 1, 2004	5.10	10,000	1,715	11,715
April 1, 2005			1,460	1,460
October 1, 2005	5.20	10,000	1,460	11,460
April 1, 2006			1,200	1,200
October 1, 2006	5.30	15,000	1,200	16,200
April 1, 2007			802	802
October 1, 2007	5.35	15,000	802	15,802
April 1, 2008			401	401
October 1, 2008	5.35	15,000	401	15,401
		<u>\$ 75,000</u>	<u>\$ 13,121</u>	<u>\$ 88,121</u>

CITY OF CADILLAC, MICHIGAN

2000 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	2000 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<u>DATE OF ISSUE</u>	June 1, 2000		
<u>AMOUNT OF ISSUE</u>	\$ 300,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 10,000		
During Current Period	<u>10,000</u>	<u>20,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2003			<u>\$ 280,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.30 %	\$ 10,000	\$ 7,653	\$ 17,653
April 1, 2004			7,387	7,387
October 1, 2004	5.35	15,000	7,387	22,387
April 1, 2005			6,986	6,986
October 1, 2005	5.35	15,000	6,986	21,986
April 1, 2006			6,585	6,585
October 1, 2006	5.40	20,000	6,585	26,585
April 1, 2007			6,045	6,045
October 1, 2007	5.40	20,000	6,045	26,045
April 1, 2008			5,505	5,505
October 1, 2008	5.45	25,000	5,505	30,505
April 1, 2009			4,824	4,824
October 1, 2009	5.45	25,000	4,824	29,824
April 1, 2010			4,142	4,142

CITY OF CADILLAC, MICHIGAN

2000 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2010	5.50	25,000	4,142	29,142
April 1, 2011			3,455	3,455
October 1, 2011	5.50	25,000	3,455	28,455
April 1, 2012			2,768	2,768
October 1, 2012	5.50	30,000	2,768	32,768
April 1, 2013			1,943	1,943
October 1, 2013	5.55	35,000	1,943	36,943
April 1, 2014			971	971
October 1, 2014	5.55	35,000	971	35,971
		<u>\$ 280,000</u>	<u>\$ 108,875</u>	<u>\$ 388,875</u>

CITY OF CADILLAC, MICHIGAN

1992 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1992 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<u>DATE OF ISSUE</u>	June 1, 1992		
<u>AMOUNT OF ISSUE</u>	\$ 360,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 240,000		
During Current Period	<u>25,000</u>		<u>265,000</u>
<u>BALANCE OUTSTANDING</u> - June 30, 2003			<u>\$ 95,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.90 %	\$ 25,000	\$ 2,870	\$ 27,870
April 1, 2004			2,132	2,132
October 1, 2004	6.00	25,000	2,132	27,132
April 1, 2005			1,383	1,383
October 1, 2005	6.10	25,000	1,383	26,383
April 1, 2006			620	620
October 1, 2006	6.20	20,000	620	20,620
		<u>\$ 95,000</u>	<u>\$ 11,140</u>	<u>\$ 106,140</u>

CITY OF CADILLAC, MICHIGAN

1993 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1993 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<u>DATE OF ISSUE</u>	June 1, 1993		
<u>AMOUNT OF ISSUE</u>	\$ 220,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 130,000		
During Current Period	<u>15,000</u>	<u>145,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2003</u>		<u>\$ 75,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.20 %	\$ 15,000	\$ 2,025	\$ 17,025
April 1, 2004			1,635	1,635
October 1, 2004	5.30	15,000	1,635	16,635
April 1, 2005			1,238	1,238
October 1, 2005	5.40	15,000	1,237	16,237
April 1, 2006			833	833
October 1, 2006	5.50	15,000	833	15,833
April 1, 2007			420	420
October 1, 2007	5.60	<u>15,000</u>	<u>420</u>	<u>15,420</u>
		<u>\$ 75,000</u>	<u>\$ 10,276</u>	<u>\$ 85,276</u>

CITY OF CADILLAC, MICHIGAN

1996 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac 1996 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac
<u>DATE OF ISSUE</u>	May 1, 1996
<u>AMOUNT OF ISSUE</u>	\$ 425,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	180,000
During Current Period	<u>35,000</u>
	<u>215,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 210,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.20 %	\$ 35,000	\$ 5,632	\$ 40,632
April 1, 2004			4,722	4,722
October 1, 2004	5.25	30,000	4,722	34,722
April 1, 2005			3,935	3,935
October 1, 2005	5.30	30,000	3,935	33,935
April 1, 2006			3,140	3,140
October 1, 2006	5.35	30,000	3,140	33,140
April 1, 2007			2,337	2,337
October 1, 2007	5.40	30,000	2,337	32,337
April 1, 2008			1,527	1,527
October 1, 2008	5.50	30,000	1,527	31,527
April 1, 2009			703	703
October 1, 2009	5.60	15,000	703	15,703
April 1, 2010			283	283
October 1, 2010	5.65	10,000	283	10,283
		<u>\$ 210,000</u>	<u>\$ 38,926</u>	<u>\$ 248,926</u>

CITY OF CADILLAC, MICHIGAN

1997 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac 1997 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.
<u>DATE OF ISSUE</u>	May 1, 1997
<u>AMOUNT OF ISSUE</u>	\$ 360,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 115,000
During Current Period	<u>25,000</u>
	<u>140,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 220,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.00 %	\$ 25,000	\$ 5,808	\$ 30,808
April 1, 2004			5,182	5,182
October 1, 2004	5.10	25,000	5,182	30,182
April 1, 2005			4,544	4,544
October 1, 2005	5.20	25,000	4,544	29,544
April 1, 2006			3,895	3,895
October 1, 2006	5.30	25,000	3,895	28,895
April 1, 2007			3,232	3,232
October 1, 2007	5.35	25,000	3,232	28,232
April 1, 2008			2,563	2,563
October 1, 2008	5.35	25,000	2,563	27,563
April 1, 2009			1,894	1,894
October 1, 2009	5.40	25,000	1,894	26,894
April 1, 2010			1,220	1,220
October 1, 2010	5.40	25,000	1,220	26,220
April 1, 2011			545	545
October 1, 2011	5.45	20,000	545	20,545
		<u>\$ 220,000</u>	<u>\$ 51,958</u>	<u>\$ 271,958</u>

CITY OF CADILLAC, MICHIGAN

2000 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac 2000 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	Paying the cost of public improvements in certain Special Assessment Districts in the City of Cadillac
<u>DATE OF ISSUE</u>	June 1, 2000
<u>AMOUNT OF ISSUE</u>	\$ 210,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 25,000
During Current Period	<u>20,000</u>
	<u>45,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u><u>\$ 165,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	5.30 %	\$ 20,000	\$ 4,462	\$ 24,462
April 1, 2004			3,931	3,931
October 1, 2004	5.35	20,000	3,931	23,931
April 1, 2005			3,396	3,396
October 1, 2005	5.35	20,000	3,396	23,396
April 1, 2006			2,861	2,861
October 1, 2006	5.40	20,000	2,861	22,861
April 1, 2007			2,322	2,322
October 1, 2007	5.40	20,000	2,322	22,322
April 1, 2008			1,781	1,781
October 1, 2008	5.45	15,000	1,781	16,781
April 1, 2009			1,373	1,373
October 1, 2009	5.45	20,000	1,373	21,373
April 1, 2010			827	827

CITY OF CADILLAC, MICHIGAN

2000 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2010	5.50	5,000	827	5,827
April 1, 2011			690	690
October 1, 2011	5.50	5,000	690	5,690
April 1, 2012			553	553
October 1, 2012	5.50	10,000	553	10,553
April 1, 2013			277	277
October 1, 2013	5.55	5,000	277	5,277
April 1, 2014			139	139
October 1, 2014	5.55	5,000	139	5,139
		<u>\$ 165,000</u>	<u>\$ 40,762</u>	<u>\$ 205,762</u>

CITY OF CADILLAC, MICHIGAN

2002 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	2002 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	For the purpose of constructing public improvements in certain Special Assessment Districts
<u>DATE OF ISSUE</u>	June 1, 2002
<u>AMOUNT OF ISSUE</u>	\$ 325,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 0
During Current Period	<u>15,000</u>
	<u>15,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 310,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	3.00 %	\$ 30,000	\$ 5,956	\$ 35,956
April 1, 2004			5,506	5,506
October 1, 2004	3.25	35,000	5,506	40,506
April 1, 2005			4,937	4,937
October 1, 2005	3.40	35,000	4,937	39,937
April 1, 2006			4,342	4,342
October 1, 2006	3.40	30,000	4,342	34,342
April 1, 2007			3,832	3,832
October 1, 2007	3.80	30,000	3,832	33,832
April 1, 2008			3,262	3,262
October 1, 2008	4.00	35,000	3,262	38,262
April 1, 2009			2,562	2,562
October 1, 2009	4.20	30,000	2,562	32,562
April 1, 2010			1,932	1,932

CITY OF CADILLAC, MICHIGAN

2002 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2010	4.40	30,000	1,932	31,932
April 1, 2011			1,272	1,272
October 1, 2011	4.50	30,000	1,272	31,272
April 1, 2012			597	597
October 1, 2012	4.60	10,000	597	10,597
April 1, 2013			367	367
October 1, 2013	4.75	5,000	367	5,367
April 1, 2014			248	248
October 1, 2014	4.90	5,000	248	5,248
April 1, 2015			125	125
October 1, 2015	5.00	5,000	125	5,125
		<u>\$ 310,000</u>	<u>\$ 63,920</u>	<u>\$ 373,920</u>

CITY OF CADILLAC, MICHIGAN1993 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE REFUNDING BONDSJUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac Water Supply and Wastewater System Revenue Refunding Bonds, Series 1993		
<u>PURPOSE</u>	Paying the cost of refunding a portion of the City's Water Supply and Wastewater System Revenue Bonds, Series 1988 and the City's Water Supply and Wastewater System Revenue Bonds, Series 1989 and to pay the cost of issuance of the Bonds		
<u>DATE OF ISSUE</u>	July 1, 1993		
<u>AMOUNT OF ISSUE</u>	\$ 1,655,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 345,000		
During Current Period	<u>245,000</u>	<u>590,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2003</u>		<u>\$ 1,065,000</u>	

DUE DATES	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
September 1, 2003	5.10 %	\$ 265,000	\$ 28,234	\$ 293,234
March 1, 2004			21,476	21,476
September 1, 2004	5.25	185,000	21,476	206,476
March 1, 2005			16,620	16,620
September 1, 2005	5.30	190,000	16,620	206,620
March 1, 2006			11,585	11,585
September 1, 2006	5.40	205,000	11,585	216,585
March 1, 2007			6,050	6,050
September 1, 2007	5.50	<u>220,000</u>	<u>6,050</u>	<u>226,050</u>
		<u>\$ 1,065,000</u>	<u>\$ 139,696</u>	<u>\$ 1,204,696</u>

CITY OF CADILLAC, MICHIGAN1995 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE BONDSJUNE 30, 2003TITLE OF ISSUE

City of Cadillac Water Supply and Wastewater System Revenue Bonds, Series 1995

PURPOSE

To defray the cost of acquiring and constructing additions, improvements and extensions to the system. This bond is issued pursuant to an ordinance duly adopted by the City council of the City, under and in full compliance with the charter of the City and the constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended.

DATE OF ISSUE

October 30, 1995

AMOUNT OF ISSUE

\$ 2,300,000

AMOUNT REDEEMED

Prior to Current Period

\$ 1,940,000

During Current Period

01,940,000BALANCE OUTSTANDING - June 30, 2003\$ 360,000CALL PROVISIONS

Scheduled redemption during years 2004-2007, with option to redeem resting with the Issuer, thereafter.

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2003		\$ 0	\$ 9,675	\$ 9,675
March 1, 2004			9,675	9,675
September 1, 2004	5.375 %	80,000	9,675	89,675
March 1, 2005			7,525	7,525
September 1, 2005	5.375	95,000	7,525	102,525
March 1, 2006			4,972	4,972
September 1, 2006	5.375	90,000	4,972	94,972
March 1, 2007			2,553	2,553
September 1, 2007	5.375	95,000	2,553	97,553
		<u>\$ 360,000</u>	<u>\$ 59,125</u>	<u>\$ 419,125</u>

CITY OF CADILLAC, MICHIGAN

1999 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE AND
REVENUE REFUNDING BONDS
JUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac Water Supply and Wastewater System Revenue and Revenue Refunding Bonds, Series 1999		
<u>PURPOSE</u>	To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and wastewater system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1989, maturing in the years 2000, 2001 and 2008 on September 1, 1999, (3) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1993, maturing in the years 2000 through and including 2008 on September 1, 1999, and (4) paying certain expenses relating to the issuance of the Bonds.		
<u>DATE OF ISSUE</u>	May 5, 1999		
<u>AMOUNT OF ISSUE</u>	\$ 2,110,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 380,000		
During Current Period	<u>55,000</u>	<u>435,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2003</u>		<u>\$ 1,675,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2003	3.75 %	\$ 55,000	\$ 38,045	\$ 93,045
March 1, 2004			37,014	37,014

CITY OF CADILLAC, MICHIGAN1999 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE AND
REVENUE REFUNDING BONDSJUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2004	3.85	60,000	37,014	97,014
March 1, 2005			35,859	35,859
September 1, 2005	3.95	55,000	35,859	90,859
March 1, 2006			34,773	34,773
September 1, 2006	4.05	60,000	34,773	94,773
March 1, 2007			33,557	33,557
September 1, 2007	4.15	60,000	33,557	93,557
March 1, 2008			32,313	32,313
September 1, 2008	4.25	305,000	32,313	337,313
March 1, 2009			25,831	25,831
September 1, 2009	4.35	5,000	25,831	30,831
March 1, 2010			25,723	25,723
September 1, 2010	4.70	5,000	25,723	30,723
March 1, 2011			25,605	25,605
September 1, 2011	4.70	5,000	25,605	30,605
March 1, 2012			25,488	25,488
September 1, 2012	4.70	5,000	25,488	30,488
March 1, 2013			25,370	25,370
September 1, 2013	4.70	130,000	25,370	155,370
March 1, 2014			22,315	22,315
September 1, 2014	4.70	135,000	22,315	157,315
March 1, 2015			19,142	19,142
September 1, 2015	4.70	145,000	19,142	164,142
March 1, 2016			15,735	15,735
September 1, 2016	4.70	150,000	15,735	165,735
March 1, 2017			12,210	12,210
September 1, 2017	4.85	160,000	12,210	172,210
March 1, 2018			8,330	8,330
September 1, 2018	4.90	165,000	8,330	173,330
March 1, 2019			4,287	4,287
September 1, 2019	4.90	175,000	4,287	179,287
		<u>\$ 1,675,000</u>	<u>\$ 805,149</u>	<u>\$ 2,480,149</u>

CITY OF CADILLAC, MICHIGAN2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDSJUNE 30, 2003TITLE OF ISSUE

City of Cadillac Water and Sewer Revenue and Revenue Refunding Bonds, Series 2001

PURPOSE

To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and sewer system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1995, maturing in the years 2008 through and including 2012 on August 22, 2001, and (3) paying certain expenses relating to the issuance of the Bonds.

DATE OF ISSUE

August 1, 2001

AMOUNT OF ISSUE

\$ 5,215,000

AMOUNT REDEEMED

Prior to Current Period

\$ 0

During Current Period

10,00010,000BALANCE OUTSTANDING - June 30, 2003\$ 5,205,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2003	4.00 %	\$ 10,000	\$ 127,613	\$ 137,613
March 1, 2004			127,413	127,413
September 1, 2004	4.00	10,000	127,413	137,413
March 1, 2005			127,213	127,213
September 1, 2005	4.00	10,000	127,213	137,213
March 1, 2006			127,013	127,013
September 1, 2006	4.25	10,000	127,013	137,013
March 1, 2007			126,801	126,801

CITY OF CADILLAC, MICHIGAN2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDSJUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2007	4.25	10,000	126,801	136,801
March 1, 2008			126,588	126,588
September 1, 2008	4.38	105,000	126,588	231,588
March 1, 2009			124,291	124,291
September 1, 2009	4.50	425,000	124,292	549,292
March 1, 2010			114,729	114,729
September 1, 2010	4.63	450,000	114,729	564,729
March 1, 2011			104,322	104,322
September 1, 2011	4.75	480,000	104,322	584,322
March 1, 2012			92,923	92,923
September 1, 2012	4.75	505,000	92,923	597,923
March 1, 2013			80,929	80,929
September 1, 2013	4.60	80,000	80,929	160,929
March 1, 2014			79,089	79,089
September 1, 2014	4.75	85,000	79,089	164,089
March 1, 2015			77,070	77,070
September 1, 2015	4.80	100,000	77,070	177,070
March 1, 2016			74,670	74,670
September 1, 2016	5.00	100,000	74,670	174,670
March 1, 2017			72,170	72,170
September 1, 2017	5.00	100,000	72,170	172,170
March 1, 2018			69,670	69,670
September 1, 2018	5.00	105,000	69,670	174,670
March 1, 2019			67,045	67,045
September 1, 2019	5.10	115,000	67,045	182,045
March 1, 2020			64,112	64,112
September 1, 2020	5.10	305,000	64,112	369,112
March 1, 2021			56,335	56,335
September 1, 2021	5.10	320,000	56,335	376,335
March 1, 2022			48,175	48,175
September 1, 2022	5.125	340,000	48,175	388,175
March 1, 2023			39,463	39,463
September 1, 2023	5.125	355,000	39,463	394,463
March 1, 2024			30,366	30,366

CITY OF CADILLAC, MICHIGAN2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDSJUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2024	5.125	375,000	30,366	405,366
March 1, 2025			20,756	20,756
September 1, 2025	5.125	395,000	20,756	415,756
March 1, 2026			10,634	10,634
September 1, 2026	5.125	415,000	10,634	425,634
		<u>\$ 5,205,000</u>	<u>\$ 3,851,168</u>	<u>\$ 9,056,168</u>

CITY OF CADILLAC, MICHIGANLOCAL DEVELOPMENT REFUNDING BONDS, SERIES 2000JUNE 30, 2003TITLE OF ISSUELocal Development Refunding Bonds, Series 2000
(Limited Tax General Obligation)PURPOSE

For the purpose (i) advance refunding the Authority's Tax Increment Revenue Refunding Bonds, Series 1994, dated October 1, 1994 (the "1994 Bonds") maturing in the years 2004 through 2010 on March 1, 2003 at 102% of par, (ii) defeasing the 1994 Bonds maturing in the years 2001, 2002 and 2003 (the "Defeased Bonds") as the same shall become due (the "Defeasance") and (iii) paying certain expenses relating to the issuance of the Bonds.

DATE OF ISSUE

October 10, 2000

AMOUNT OF ISSUE

\$ 3,640,000

AMOUNT REDEEMED

Prior to Current Period

\$ 1,080,000

During Current Period

660,0001,740,000BALANCE OUTSTANDING - June 30, 2003\$ 1,900,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2003			\$ 44,084	\$ 44,084
March 1, 2004	4.50 %	\$ 690,000	44,084	734,084
September 1, 2004			28,558	28,558
March 1, 2005	4.70	715,000	28,558	743,558
September 1, 2005			11,756	11,756
March 1, 2006	4.75	495,000	11,756	506,756
		<u>\$ 1,900,000</u>	<u>\$ 168,796</u>	<u>\$ 2,068,796</u>

CITY OF CADILLAC, MICHIGAN

1994 BUILDING AUTHORITY BONDS

JUNE 30, 2003

<u>TITLE OF ISSUE</u>	1994 Building Authority Bonds
<u>PURPOSE</u>	For the purpose of defraying the cost of acquiring and constructing a new office building in the City, together with the land and site improvements therefor, and all appurtenances and attachments thereto.
<u>DATE OF ISSUE</u>	December 1, 1994
<u>AMOUNT OF ISSUE</u>	\$ 1,740,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 1,450,000
During Current Period	<u>65,000</u>
	<u>1,515,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 225,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	6.20 %	\$ 70,000	\$ 6,975	\$ 76,975
April 1, 2004			4,805	4,805
October 1, 2004	6.20	75,000	4,805	79,805
April 1, 2005			2,480	2,480
October 1, 2005	6.20	80,000	2,480	82,480
		<u>\$ 225,000</u>	<u>\$ 21,545</u>	<u>\$ 246,545</u>

CITY OF CADILLAC, MICHIGAN1997 BUILDING AUTHORITY BONDSJUNE 30, 2003

<u>TITLE OF ISSUE</u>	City of Cadillac Building Authority 1997 Building Authority Bonds
<u>PURPOSE</u>	Paying all or part of the cost of public parking lot improvements in the City of Cadillac
<u>DATE OF ISSUE</u>	December 1, 1997
<u>AMOUNT OF ISSUE</u>	\$ 310,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 50,000
During Current Period	15,000
	<u>65,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 245,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	4.80 %	\$ 20,000	\$ 6,184	\$ 26,184
April 1, 2004			5,704	5,704
October 1, 2004	4.85	20,000	5,704	25,704
April 1, 2005			5,218	5,218
October 1, 2005	4.90	20,000	5,218	25,218
April 1, 2006			4,728	4,728
October 1, 2006	4.95	20,000	4,728	24,728
April 1, 2007			4,234	4,234
October 1, 2007	5.00	25,000	4,234	29,234
April 1, 2008			3,609	3,609
October 1, 2008	5.05	25,000	3,609	28,609
April 1, 2009			2,978	2,978
October 1, 2009	5.10	25,000	2,978	27,978
April 1, 2010			2,340	2,340
October 1, 2010	5.15	30,000	2,340	32,340
April 1, 2011			1,568	1,568
October 1, 2011	5.20	30,000	1,568	31,568
April 1, 2012			788	788
October 1, 2012	5.25	30,000	788	30,788
		<u>\$ 245,000</u>	<u>\$ 68,518</u>	<u>\$ 313,518</u>

CITY OF CADILLAC, MICHIGAN1999 BUILDING AUTHORITY REFUNDING BONDSJUNE 30, 2003

<u>TITLE OF ISSUE</u>	1999 Building Authority Refunding Bonds
<u>PURPOSE</u>	For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1999
<u>DATE OF ISSUE</u>	February 2, 1999
<u>AMOUNT OF ISSUE</u>	\$ 1,265,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 30,000
During Current Period	<u>10,000</u>
	<u>40,000</u>
<u>BALANCE OUTSTANDING - June 30, 2003</u>	<u>\$ 1,225,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2003	3.85 %	\$ 15,000	\$ 27,076	\$ 42,076
April 1, 2004			26,787	26,787
October 1, 2004	3.95	15,000	26,787	41,787
April 1, 2005			26,491	26,491
October 1, 2005	4.05	15,000	26,491	41,491
April 1, 2006			26,188	26,188
October 1, 2006	4.10	100,000	26,188	126,188
April 1, 2007			24,138	24,138
October 1, 2007	4.20	105,000	24,138	129,138
April 1, 2008			21,933	21,933
October 1, 2008	4.25	105,000	21,933	126,933
April 1, 2009			19,701	19,701
October 1, 2009	4.30	110,000	19,701	129,701
April 1, 2010			17,336	17,336

CITY OF CADILLAC, MICHIGAN

1999 BUILDING AUTHORITY REFUNDING BONDS

JUNE 30, 2003

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2010	4.35	115,000	17,336	132,336
April 1, 2011			14,835	14,835
October 1, 2011	4.60	115,000	14,835	129,835
April 1, 2012			12,190	12,190
October 1, 2012	4.60	125,000	12,190	137,190
April 1, 2013			9,315	9,315
October 1, 2013	4.60	130,000	9,315	139,315
April 1, 2014			6,325	6,325
October 1, 2014	4.60	135,000	6,325	141,325
April 1, 2015			3,220	3,220
October 1, 2015	4.60	140,000	3,220	143,220
		<u>\$ 1,225,000</u>	<u>\$ 443,994</u>	<u>\$ 1,668,994</u>

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT

STATEMENT OF 2002 TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
Wexford County	\$ 163,914,339	8.1678	\$ 1,338,797	\$ 1,236,915	\$ 101,882
Cadillac Area Public Schools					
Operating	84,616,761	17.6263	1,491,459	1,390,635	100,824
Debt Retirement	163,914,339	3.7500	614,637	577,214	37,423
State Education Tax	163,914,339	6.0000	976,904	917,105	59,799
State of Michigan - MSHDA Fee	1,091,553	33.2000	36,240	36,240	0
Wexford-Missaukee Intermediate School District	163,914,339	6.0388	989,816	913,851	75,965
Cadillac-Wexford Transit Authority	163,914,339	0.4000	65,549	60,540	5,009
Cadillac-Wexford Public Library	163,914,339	0.6500	106,524	98,384	8,140
Wexford County Council on Aging	163,914,339	0.9950	163,071	150,612	12,459
City of Cadillac					
General Fund	163,914,339	13.9473	2,286,139	2,183,309	102,830
Policemen and Firemen					
Retirement System	163,914,339	1.4000	229,461	219,108	10,353
Public Improvement					
Special Assessments			295,774	255,026	40,748
Water and Sewer Delinquent Accounts			5,078	2,854	2,224
Unpaid Invoices			2,271	1,288	983
Razed Buildings			2,100	2,100	0
Administration Fees			71,142	66,697	4,445
			<u>\$ 8,674,962</u>	<u>\$ 8,111,878</u>	<u>\$ 563,084</u>

CITY OF CADILLAC, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF 2002 TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 14,305,437	8.1678	\$ 116,844	\$ 0	\$ 116,844	\$ (115,695)	\$ 1,149
Cadillac Area Public Schools							
Operating	14,305,437	17.6263	252,152	0	252,152	(247,295)	4,857
Debt Retirement	14,305,437	3.7500	53,645	0	53,645	0	53,645
State Education Tax	14,305,437	6.0000	85,833	0	85,833	(85,977)	(144)
Wexford-Missaukee Intermediate							
School District	14,305,437	6.0388	86,388	0	86,388	(85,538)	850
Cadillac-Wexford Transit Authority	14,305,437	0.4000	5,722	0	5,722	(5,666)	56
Cadillac-Wexford Public Library	14,305,437	0.6500	9,299	0	9,299	(9,207)	92
Wexford County Council on Aging	14,305,437	0.9950	14,234	0	14,234	(14,094)	140
Local Development Finance Authority							
Capture	(14,305,437)	55.2252	0	0	0	780,864	780,864
Groundwater Treatment							
Special Assessments			196,482	51,081	145,401	0	145,401
City of Cadillac							
General Fund	14,305,437	13.9473	199,522	0	199,522	(197,561)	1,961
Policemen and Firemen							
Retirement System	14,305,437	1.4000	20,028	0	20,028	(19,831)	197
			\$ 1,040,149	\$ 51,081	\$ 989,068	\$ 0	\$ 989,068

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF 2002 TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY DDA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 13,900,153	8.1678	\$ 113,534	\$ 8,394	\$ 105,140	\$ (18,663)	\$ 86,477
Cadillac Area Public Schools							
Operating	13,900,153	17.6263	245,008	18,115	226,893	0	226,893
Debt Retirement	13,900,153	3.7500	52,126	3,854	48,272	0	48,272
State Education Tax	13,900,153	6.0000	83,401	6,166	77,235	0	77,235
Wexford-Missaukee Intermediate							
School District	13,900,153	6.0388	83,940	6,206	77,734	0	77,734
Cadillac-Wexford Transit Authority	13,900,153	0.4000	5,560	411	5,149	(914)	4,235
Cadillac-Wexford Public Library	13,900,153	0.6500	9,035	668	8,367	(1,485)	6,882
Wexford County Council on Aging	13,900,153	0.9950	13,831	1,023	12,808	(2,273)	10,535
Downtown Development Authority							
Special Assessments	13,900,153	1.9832	27,443	2,029	25,414	0	25,414
Capture	(2,407,153)	25.5601	0	0	0	58,402	58,402
City of Cadillac							
General Fund	13,900,153	13.9473	193,870	14,334	179,536	(31,868)	147,668
Policemen and Firemen Retirement System	13,900,153	1.4000	19,460	1,439	18,021	(3,199)	14,822
			\$ 847,208	\$ 62,639	\$ 784,569	\$ 0	\$ 784,569

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT DISTRICT
STATEMENT OF 2002 TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY BROWNFIELD	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 2,700,539	8.16780	\$ 22,057	\$ 0	\$ 22,057	\$ (1,666)	\$ 20,391
Cadillac Area Public Schools							
Operating	2,700,539	17.62630	47,601	0	47,601	0	47,601
Debt Retirement	2,700,539	3.75000	10,127	0	10,127	0	10,127
State Education Tax	2,700,539	6.00000	16,203	0	16,203	0	16,203
Wexford-Missaukee Intermediate							
School District	2,701,751	6.03880	16,315	0	16,315	(1,329)	14,986
Cadillac-Wexford Transit Authority	2,700,539	0.40000	1,080	0	1,080	(82)	998
Cadillac-Wexford Public Library	2,700,539	0.65000	1,755	0	1,755	(133)	1,622
Wexford County Council on Aging	2,700,539	0.99500	2,687	0	2,687	(203)	2,484
Brownfield Redevelopment District							
Capture	(2,700,539)	31.59890	0	0	0	6,541	6,541
City of Cadillac							
General Fund	2,700,539	13.94730	37,665	0	37,665	(2,843)	34,822
Policemen and Firemen							
Retirement System	2,700,539	1.40000	3,781	0	3,781	(285)	3,496
			\$ 159,271	\$ 0	\$ 159,271	\$ 0	\$ 159,271

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT
STATEMENT OF 2002 INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
Wexford County	\$ 33,524,800	4.08390	\$ 136,911	\$ 136,911	\$ 0
Cadillac Area Public Schools					
Operating (State Share)					
Prior to Proposal A	15,413,700	16.60000	255,903	255,903	0
After Proposal A	18,111,100	8.81315	159,615	159,615	0
Debt Retirement	33,524,800	1.87500	62,861	62,861	0
State Education Tax	16,175,200	6.00000	97,051	97,051	0
Wexford-Missaukee Intermediate School District					
Operating (State Share)	33,524,800	3.01940	101,224	101,224	0
Cadillac-Wexford Transit Authority	33,524,800	0.20000	6,705	6,705	0
Cadillac-Wexford Public Library	33,524,800	0.32500	10,895	10,895	0
Wexford County Council on Aging	33,524,800	0.49750	16,677	16,677	0
City of Cadillac					
General Fund	33,524,800	6.97365	233,822	233,822	0
Policemen and Firemen Retirement System	33,524,800	0.70000	23,471	23,471	0
			<u>\$ 1,105,135</u>	<u>\$ 1,105,135</u>	<u>\$ 0</u>

CITY OF CADILLAC, MICHIGAN
BROWNFIELD DEVELOPMENT AUTHORITY
STATEMENT OF 2002 INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2003

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 2,334,800	4.08390	\$ 9,535	\$ 0	\$ 9,535	\$ (9,535)	\$ 0
Cadillac Area Public Schools							
Operating (State Share)							
After Proposal A	2,334,800	8.81315	20,577	0	20,577	0	20,577
Debt Retirement	2,334,800	1.87500	4,378	0	4,378	0	4,378
State Education Tax	2,334,800	6.00000	14,009	0	14,009	0	14,009
Wexford-Missaukee Intermediate School District							
Operating (State Share)	2,334,800	3.01940	7,050	0	7,050	(7,050)	0
Cadillac-Wexford Transit Authority	2,334,800	0.20000	467	0	467	(467)	0
Cadillac-Wexford Public Library	2,334,800	0.32500	759	0	759	(759)	0
Wexford County Council on Aging	2,334,800	0.49750	1,162	0	1,162	(1,162)	0
Local Development Finance Authority							
Capture	(2,334,800)	15.79945	0	0	0	36,889	36,889
City of Cadillac							
General Fund	2,334,800	6.97365	16,282	0	16,282	(16,282)	0
Policemen and Firemen Retirement System	2,334,800	0.70000	1,634	0	1,634	(1,634)	0
			\$ 75,853	\$ 0	\$ 75,853	\$ 0	\$ 75,853



Statistical

CITY OF CADILLAC, MICHIGAN

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
FOR THE FISCAL YEARS 1994 THROUGH 2003

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>
1994	\$ 1,170,287	\$ 2,623,354	\$ 1,441,945
1995	1,168,288	2,155,139	1,284,330
1996	1,106,832	2,172,555	1,593,079
1997	1,147,979	2,393,172	2,171,414
1998	1,243,528	2,437,941	1,929,315
1999	1,334,440	2,473,027	2,144,587
2000	1,345,093	2,748,774	1,725,089
2001	1,485,144	2,713,177	2,795,225
2002	1,575,793	2,603,464	2,033,717
2003	1,364,291	2,670,927	2,560,945

NOTES:

- (1) Includes General Fund, Special Revenue and Debt Service
- (2) Principal, interest and fiscal charges
- (3) The Cadillac-Wexford County Library sought a successful county wide millage and is reported as part of Wexford County.
- (4) Economic Development - Small Cities Grant and Cadillac Rubber and Plastics Grant.

TABLE 1

CULTURE AND RECREATION	(2) DEBT SERVICE	OTHER FUNCTIONS	TOTAL
\$ 116,827 (3)	\$ 508,300	\$ 2,647,300 (4)	\$ 8,508,013
139,504	366,006	5,960,342	11,073,609
118,962	441,912	470,391	5,903,731
128,461	536,241	454,572	6,831,839
140,278	623,644	995,138	7,369,844
135,505	661,464	1,091,352	7,840,375
189,685	866,372	761,783	7,636,796
280,963	562,250	739,863	8,576,622
344,621	624,641	892,335	8,074,571
654,700	411,107	790,723	8,452,693

CITY OF CADILLAC, MICHIGAN

GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)
FOR THE FISCAL YEARS 1994 THROUGH 2003

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>INTERGOVERNMENTAL REVENUES</u>	<u>CHARGES FOR SERVICES</u>
1994	\$ 2,567,611	\$ 64,309	\$ 1,976,107	\$ 407,390
1995	2,575,951	48,975	2,249,968	591,135
1996	2,770,194	39,171	1,995,427	574,112
1997	2,828,652	52,919	2,296,999	680,699
1998	2,907,263	49,789	2,639,947	704,540
1999	3,019,776	67,702	3,282,445	778,014
2000	3,020,518	1,935	2,711,794	785,258
2001	3,076,836	1,700	3,407,375	789,248
2002	3,169,173	1,455	2,429,696	799,010
2003	3,432,606	940	3,465,729	932,389

NOTES:

- (1) Includes General Fund, Special Revenue and Debt Service
- (2) Private contributions from industries for expansion grants totalled \$4,777,106.

TABLE 2

FINES AND FORFEITS		OTHER REVENUE		TOTAL	
\$	39,027	\$	2,544,742	\$	7,599,186
	32,036		5,442,466	(2)	10,940,531
	29,546		647,059		6,055,509
	28,681		781,959		6,669,909
	37,172		912,127		7,250,838
	29,288		779,805		7,957,030
	27,962		1,685,484		8,232,951
	27,175		984,063		8,286,397
	29,316		772,557		7,201,207
	28,226		924,194		8,784,084

CITY OF CADILLAC, MICHIGANGENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES
FOR THE FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	GENERAL FUND			TOTAL FUND BALANCE AS PERCENT OF EXPENDITURES
	RESERVED AND DESIGNATED FUND BALANCE	TOTAL FUND BALANCE	ANNUAL EXPENDITURES	
1994	\$ 831,765	\$ 831,765	\$ 4,668,424	17.82
1995	726,060	726,060	4,219,187	17.21
1996	795,707	795,707	4,251,400	18.72
1997	908,523	908,523	4,437,638	20.47
1998	991,107	991,107	4,651,684	21.31
1999	964,551	964,551	4,886,393	19.74
2000	1,077,849	1,077,849	5,081,170	21.00
2001	910,158	910,158	5,256,920	17.31
2002	712,634	712,634	5,092,484	13.99
2003	1,138,710	1,138,710	4,922,858	23.13

CITY OF CADILLAC, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE FISCAL YEARS 1994 THROUGH 2003

TAX ROLL	FISCAL YEAR	TAX LEVY			
		TAXES ASSESSED	(2) INDUSTRIAL FACILITIES	(3) COMMERCIAL FACILITIES	TOTAL LEVY
1993	1994	\$ 1,928,284	\$ 232,872	\$ 6,808	\$ 2,167,964
1994	1995	1,987,760	256,572	3,739	2,248,071
1995	1996	2,342,858	276,988	2,564	2,622,410
1996	1997	2,404,555	272,165	2,223	2,678,943
1997	1998	2,508,861	251,845	71	2,760,777
1998	1999	2,539,614	245,814	0	2,785,428
1999	2000	2,635,349	243,683	0	2,879,032
2000	2001	2,813,834	293,767	0	3,107,601
2001	2002	2,897,188	269,852	0	3,167,040
2002	2003	2,989,927	275,171	0	3,265,098

NOTES:

- (1) Wexford County pays the City of Cadillac the full amount of delinquent real property taxes upon settlement in the subsequent March of each year. Delinquent personal property taxes are negligible. This revolving tax fund began in 1977.
- (2) Industrial facilities tax exempts 50% of industrial tax for new construction (P.A. 198 of 1974).
- (3) Commercial facilities tax exempts 50% of commercial tax for new and remodeled facilities (P.A. 255).
- (4) In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

TABLE 4

TAXES COLLECTED (1)				PERCENTAGE COLLECTED	(4) DELINQUENT TAXES RECEIVABLE
TAXES	(2) INDUSTRIAL FACILITIES	(3) COMMERCIAL FACILITIES	TOTAL COLLECTED		
\$ 1,780,989	\$ 232,872	\$ 6,808	\$ 2,020,669	93.21 %	\$ 0
1,853,354	256,572	3,739	2,113,665	94.02	0
2,215,464	276,988	2,564	2,495,016	95.14	0
2,276,015	272,165	2,223	2,550,403	95.20	0
2,363,299	250,750	71	2,614,120	94.69	0
2,396,889	244,748	0	2,641,637	94.84	0
2,497,183	243,683	0	2,740,866	95.20	0
2,657,211	293,767	0	2,950,978	94.96	0
2,759,737	269,726	0	3,029,463	95.66	0
2,860,970	275,171	0	3,136,142	96.05	0

CITY OF CADILLAC, MICHIGAN

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE FISCAL YEARS 1994 THROUGH 2003

FISCAL (2) YEAR	REAL PROPERTY VALUATION	PERSONAL PROPERTY VALUATION	(1) TOTAL ASSESSED VALUATION	ESTIMATED ACTUAL VALUE	RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE
1993-1994	\$ 118,446,500	\$ 40,773,700	\$ 159,220,200	\$ 318,440,400	50.00%
1994-1995 (3)	124,016,746	24,481,600	148,498,346	368,802,008	40.27%
1995-1996 (3)	126,211,933	27,596,800	153,808,733	376,918,846	40.81%
1996-1997 (3)	130,428,194	31,998,600	162,426,794	391,131,998	41.53%
1997-1998 (3)	134,086,505	32,023,100	166,109,605	397,886,136	41.75%
1998-1999 (3)	138,456,334	35,290,222	173,746,556	411,683,512	42.20%
1999-2000 (3)	143,791,718	33,979,991	177,771,709	398,922,200	44.56%
2000-2001 (3)	153,053,692	35,377,232	188,430,924	429,828,200	43.84%
2001-2002 (3)	165,243,210	31,372,200	196,615,410	470,913,500	41.75%
2002-2003 (3)	168,351,258	43,240,100	211,591,358	508,916,600	41.58%

NOTES:

- (1) Includes industrial and commercial facilities tax.
- (2) In Michigan, tax day is December 31st, prior to the beginning of the fiscal year. Taxes are mailed July 1st of the fiscal year to cover the period from July 1st through June 30th.
- (3) Based on taxable value instead of assessed value per Proposal A.

CITY OF CADILLAC, MICHIGAN

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)

FOR THE FISCAL YEARS 1994 THROUGH 2003

<u>FISCAL</u> <u>YEAR</u>	<u>DIRECT TAX RATES</u> <u>CITY OF CADILLAC</u>		
	<u>GENERAL</u>	<u>POLICE & FIRE</u> <u>RETIREMENT</u>	<u>TOTAL</u> <u>CITY</u>
1994	14.0800	1.70	15.7800
1995	14.0800	1.70	15.7800
1996	13.9200	1.60	15.5200
1997	13.9600	1.50	15.4600
1998	13.9600	1.30	15.2600
1999	14.0900	1.10	15.1900
2000	14.0371	1.00	15.0371
2001	13.9907	1.00	14.9907
2002	13.9473	1.40	15.3473
2003	13.9473	1.60	15.5473

NOTES:

- (1) Includes county millage at 8.82, Cadillac-Wexford Transit Authority at .4, Council on Aging at .4, and Library at .70.
- (2) Includes county millage at 8.82, Cadillac-Wexford Transit Authority at .4, Council on Aging at .4, and Library at .6.
- (3) Includes county millage at 8.3718, Cadillac-Wexford Transit Authority at .3772, Council on Aging at .4, and Library at .5.
- (4) Includes school operational millage and school debt.

TABLE 6

OVERLAPPING TAX RATES				STATE EDUCATION TAX	DIRECT AND OVERLAPPING TOTAL ANNUAL TAX RATE
WEXFORD COUNTY	(4) CADILLAC AREA PUBLIC SCHOOLS	WEXFORD MISSAUKEE INTERMEDIATE SCHOOL			
10.3200 (1)	34.7000	6.1600		0.00	66.9600
10.2200 (2)	19.5000	6.1500		6.00	57.6500
9.6490 (3)	23.6500	6.1500		6.00	60.9690
9.6490 (3)	23.1000	6.1500		6.00	60.3600
10.2718 (5)	22.4000	6.1500		6.00	60.0818
10.2827 (6)	22.2717	6.1232		6.00	59.8676
10.1908 (7)	20.5594	6.0882		6.00	57.8708
10.1860 (8)	21.7149	6.0882		6.00	58.9799
10.2128 (9)	21.3763	6.0388		6.00	58.9752
N/A	N/A	N/A		N/A	N/A

- (5) Includes county millage at 8.3718, Cadillac-Wexford Transit Authority at 0.4, Council on Aging at 1.0 and Library at .5.
- (6) Includes county millage at 8.3383 Cadillac-Wexford Transit Authority at 0.3984, Council on Aging at 0.9960 and Library at 0.55.
- (7) Includes county millage at 8.2506, Cadillac-Wexford Transit Authority at 0.3942, Council on Aging at 0.9960 and Library at 0.55.
- (8) Includes county millage at 8.2506, Cadillac-Wexford Transit Authority at 0.3942, Council on Aging at 0.9913 and Library at 0.55.
- (9) Includes county millage at 8.1678, Cadillac-Wexford Transit Authority at 0.4000, Council on Aging at 0.995 and Library at 0.65.

CITY OF CADILLAC, MICHIGAN

SPECIAL ASSESSMENT COLLECTIONS

FOR THE FISCAL YEARS 1994 THROUGH 2003

<u>TAX ROLL</u>	<u>FISCAL YEAR</u>	<u>CURRENT PUBLIC IMPROVEMENT ASSESSMENTS DUE</u>	<u>CURRENT PUBLIC IMPROVEMENT ASSESSMENTS COLLECTED</u>	<u>(1) RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING PUBLIC IMPROVEMENT ASSESSMENTS</u>
1993	1994	\$ 208,222	\$ 167,371	80.38	\$ 1,519,000
1994	1995	222,669	181,784	81.64	1,248,017
1995	1996	258,717	223,851	86.52	1,445,360
1996	1997	267,100	234,321	87.73	1,568,364
1997	1998	288,711	248,555	86.09	1,647,000
1998	1999	310,980	275,232	88.50	1,445,000
1999	2000	304,449	259,932	85.38	1,205,000
2000	2001	301,958	248,413	82.27	1,062,474
2001	2002	364,473	282,455	77.50	1,240,000
2002	2003	492,544	375,427	76.22	1,429,525

NOTE:

- (1) In 1977, the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

CITY OF CADILLAC, MICHIGAN

RATIO OF NET GENERAL BONDED DEBT
TO TAXABLE VALUE AND NET BONDED DEBT PER CAPITA

FOR THE FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	(1) POPULATION	TAXABLE VALUE (IN THOUSANDS)	GROSS BONDED DEBT	(3) DEBT SERVICE MONIES AVAILABLE	SPECIAL ASSESSMENT AND REVENUE BONDS PAYABLE
1994	10,104	\$ 159,220	\$ 5,889,000	\$ 17,766	\$ 5,249,000
1995	10,104	148,498 (2)	7,252,000	10,115	6,662,000
1996	10,104	153,809 (2)	9,815,000	9,058	9,050,000
1997	10,104	162,427 (2)	9,808,000	6,340	8,998,000
1998	10,104	166,110 (2)	9,576,522	1,732	8,527,000
1999	10,104	173,747 (2)	10,290,000	8,363	9,330,000
2000	10,000	177,772 (2)	9,940,000	7,848	8,765,000
2001	10,000	188,431 (2)	9,360,000	14,366	8,280,000
2002	10,000	196,615 (2)	12,365,000	13,060	11,380,000
2003	10,000	211,591 (2)	11,720,000	6,749	10,830,000

NOTES:

- (1) U.S. Department of Commerce, Bureau of Census.
- (2) Based on taxable value instead of assessed value due to change of method of calculation specified by State of Michigan Proposal A.
- (3) Excluding special assessment and revenue bond issues.

TABLE 8

NET BONDED DEBT	RATIO OF NET BONDED DEBT TO TAXABLE VALUE	NET BONDED DEBT PER CAPITA
\$ 622,234	0.004	\$ 61.58
579,885	0.003	57.39
755,942	0.004	74.82
803,660	0.004	79.54
1,047,790	0.005	103.70
951,637	0.005	94.18
1,167,152	0.006	116.72
1,065,634	0.005	106.56
971,940	0.004	97.19
883,251	0.004	88.33

CITY OF CADILLAC, MICHIGANLEGAL DEBT MARGINJUNE 30, 2003

Taxable Valuation at December 31, 2002		\$	211,591,358
Statutory Debt Limit - 10% of Taxable Valuation		\$	21,159,136
Amount of Debt Applicable to Limit:			
Gross Bonded Debt and Other Long-Term Debt		\$	12,683,000
Less			
Assets Available for Debt Service	\$	6,749	
Bond Debt not Subject to Limit:			
Special Assessment Bonds		1,075,000	
Revenue Bonds		9,755,000	
Other Debt		963,000	11,799,749
Total Amount of Debt Applicable to Debt Limit			883,251
LEGAL DEBT MARGIN		\$	20,275,885

CITY OF CADILLAC, MICHIGANDIRECT AND OVERLAPPING DEBTJUNE 30, 2003

		GROSS BONDED DEBT	(1) EXCLUSIONS	NET BONDED DEBT
<u>DIRECT DEBT:</u>				
Outstanding Bonds				
General Obligation		\$ 890,000	\$ 6,749	\$ 883,251
Special Assessment		1,075,000	1,075,000	0
Revenue Bonds				
Water and Sewer		8,530,000	8,530,000	0
Primary Government		1,225,000	1,225,000	0
Other		963,000	963,000	0
Total Direct Debt		\$ 12,683,000	\$ 11,799,749	\$ 883,251
<u>GROSS OVERLAPPING DEBT:</u>	(2) <u>% APPLICABLE</u>			
Cadillac Area Public Schools	38.97%	\$ 10,035,858	\$ 0	\$ 10,035,858
Wexford County	28.18%	2,316,829	0	2,316,829
Total Gross Overlapping Debt		\$ 12,352,687	\$ 0	\$ 12,352,687
NET DIRECT AND OVERLAPPING DEBT		\$ 25,035,687	\$ 11,799,749	\$ 13,235,938

NOTES:

- (1) Exclusions represent all bonds which are not general obligation bonds of the City of Cadillac, and general obligation bonds which are self-supporting.
- (2) Percentage applicable to City of Cadillac calculated using state taxable valuation of City divided by state taxable valuation of taxing district.

CITY OF CADILLAC, MICHIGAN

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
FOR THE FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	(1) GENERAL OBLIGATION BOND			TOTAL DEBT SERVICE	(1) TOTAL GENERAL EXPENDITURES		RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES		
	INTEREST AND PAYING		TOTAL GENERAL						
	AGENT FEES		EXPENDITURES						
	PRINCIPAL								
1994	\$	370,000	\$	138,300	\$	508,300	\$	8,557,975	5.9
1995		202,000		127,548		329,548		11,073,609	3.0
1996		214,500		227,412		441,912		5,903,731	7.5
1997		289,500		246,741		536,241		6,831,839	7.9
1998		367,000		256,644		623,644		7,369,844	8.5
1999		359,500		301,964		661,464		7,840,375	8.4
2000		641,387		224,985		866,372		7,636,796	11.3
2001		348,500		213,750		562,250		8,576,622	6.6
2002		382,986		210,655		593,641		7,595,225	7.8
2003		360,907		189,381		550,288		8,452,693	6.5

NOTES:

- (1) Includes General Fund, Special Revenue Funds and Debt Service Funds.

CITY OF CADILLAC, MICHIGANREVENUE BOND COVERAGEWATER AND SEWER BONDSFOR FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	(1) GROSS REVENUE	(2) OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			(3) COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1994	\$ 2,404,740	\$ 1,690,690	\$ 714,050	\$ 200,000	\$ 206,300	\$ 406,300	1.76
1995	2,529,879	1,601,637	928,242	175,000	222,937	397,937	2.33
1996	2,725,607	1,643,391	1,082,216	190,000	320,044	510,044	2.12
1997	2,658,216	1,683,239	974,977	200,000	327,694	527,694	1.85
1998	2,738,146	1,736,802	1,001,344	220,000	313,902	533,902	1.88
1999	2,817,326	1,733,731	1,083,595	225,000	314,949	539,949	2.01
2000	3,185,465	1,840,361	1,345,104	255,000	314,717	569,717	2.36
2001	3,241,433	1,809,910	1,431,523	270,000	288,656	558,656	2.56
2002	3,329,623	1,981,893	1,347,730	280,000	277,941	557,941	2.42
2003	3,087,995	2,111,154	976,841	310,000	414,477	724,477	1.35

NOTES:

- (1) Operating revenue plus interest income.
- (2) Operating expenses are the total operating expenses, less depreciation, plus transfers out.
- (3) Coverage is defined as "Net Revenue Available for Debt Service, Divided by Total Debt Service Requirements".

CITY OF CADILLAC, MICHIGANDEMOGRAPHIC STATISTICS - MISCELLANEOUS
FOR THE FISCAL YEARS 1994 THROUGH 2003

FISCAL	(1)	(2)	(3)	(4)	(4)	(4)
YEAR	POPULATION	PER CAPITA PERSONAL INCOME	SCHOOL ENROLLMENT	LOCAL UNEMPLOYMENT PERCENTAGE RATE	STATE OF MICHIGAN UNEMPLOYMENT PERCENTAGE RATE	CIVILIAN LABOR FORCE
1994	10,104	\$17,010	3,792	9.4	5.9	13,925
1995	10,104	17,597	3,986	11.1	5.3	13,850
1996	10,104	18,276	3,991	9.1	4.9	13,850
1997	10,104	19,016	3,980	8.9	4.2	14,375
1998	10,104	18,522	3,834	8.2	3.9	14,750
1999	10,104	21,179	3,787	6.4	4.2	15,700
2000	10,000	21,781	3,608	6.4	3.5	15,600
2001	10,000	N/A	3,514	9.4	5.1	16,075
2002	10,000	N/A	3,465	8.3	6.2	14,600
2003	10,000	N/A	3,639	9.8*	7.1*	15,250

* Through 8/31/03

NOTES:

- (1) U.S. Department of Commerce, Bureau of Census.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis; Regional Accounts Data; www.gea.gov Wexford County Data
- (3) Annual School Census
- (4) Michigan Department of Career Development - Labor Market Information; www.michlmi.org

CITY OF CADILLAC, MICHIGAN

DEMOGRAPHIC STATISTICS

POPULATION BY CENSUS COUNT

1880-2000

<u>YEAR</u>	<u>POPULATION TRENDS</u>	
	<u>WEXFORD</u> <u>COUNTY</u>	<u>CADILLAC</u>
1880	6,815	2,213
1890	11,278	4,461
1900	16,845	5,997
1910	20,769	8,357
1920	18,207	9,750
1930	16,827	9,570
1940	17,976	9,855
1950	18,628	10,425
1960	18,466	10,112
1970	19,717	9,990
1980	25,102	10,199
1990	26,412	10,104
2000	30,484	10,000

CITY OF CADILLAC, MICHIGAN

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
FOR THE YEARS 1994 THROUGH 2003

YEAR	CONSTRUCTION								
	TOTAL			RESIDENTIAL			COMMERCIAL		
	NUMBER		VALUE	NUMBER		VALUE	NUMBER		VALUE
	OF	UNITS		OF	UNITS		OF	UNITS	
1994	290		\$ 5,314,617	214		\$ 1,785,493	42		\$ 1,716,223
1995	236		N/A (2)	174		N/A (2)	40		N/A (2)
1996	252		N/A (2)	196		N/A (2)	36		N/A (2)
1997	261		N/A (2)	188		N/A (2)	44		N/A (2)
1998	264		N/A (2)	201		N/A (2)	38		N/A (2)
1999	269		N/A (2)	216		N/A (2)	25		N/A (2)
2000	302		N/A (2)	256		N/A (2)	26		N/A (2)
2001	278		N/A (2)	235		N/A (2)	30		N/A (2)
2002	290		N/A (2)	231		N/A (2)	25		N/A (2)
2003	N/A		N/A (2)	N/A		N/A (2)	N/A		N/A (2)

NOTES:

- (1) Includes Personal, Agricultural, Industrial, Industrial Facilities Tax, and Commercial Facilities Tax
- (2) In 1995, the values were eliminated from reporting
- (3) Based on two times the Assessed Value of the property

TABLE 15

CONSTRUCTION						PROPERTY VALUE (3)		
INDUSTRIAL		OTHER						(1)
NUMBER		NUMBER				COMMERCIAL	RESIDENTIAL	OTHER
OF	VALUE	OF	VALUE					
UNITS		UNITS						
31	\$ 1,689,351	3	\$ 123,100			\$ 63,768,000	\$ 135,444,400	\$ 119,228,000
18	N/A	(2)	4	N/A	(2)	51,438,796	142,499,458	103,058,438
15	N/A	(2)	5	N/A	(2)	52,092,148	146,776,540	108,748,778
25	N/A	(2)	4	N/A	(2)	52,488,216	152,567,308	119,798,064
19	N/A	(2)	6	N/A	(2)	53,467,206	159,924,730	118,827,274
19	N/A	(2)	9	N/A	(2)	55,522,844	165,154,112	126,816,156
14	N/A	(2)	6	N/A	(2)	57,122,826	172,248,176	126,172,416
8	N/A	(2)	5	N/A	(2)	68,014,800	227,913,400	133,900,000
19	N/A	(2)	15	N/A	(2)	94,582,800	247,005,500	129,325,200
N/A	N/A	(2)	N/A	N/A	(2)	91,835,400	271,624,400	145,456,800

TABLE 16

CITY OF CADILLAC, MICHIGAN

PRINCIPAL TAXPAYERSJUNE 30, 2003 AND 2002

AS OF JUNE 30,	TAXPAYER	TYPE OF BUSINESS	TAXABLE VALUE	PERCENTAGE
2003	CMI Cast Parts, Inc.	Ironworks	\$ 17,322,284	8.19%
	Cadillac Renewable Energy	Electric Utility	13,263,400	6.27%
	Avon Rubber & Plastics	Extruded & Molded Rubber	9,528,201	4.50%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	7,009,748	3.31%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	6,810,463	3.22%
	Consumers Energy	Electric Utility	4,993,016	2.36%
	Michigan Rubber	Fabricated & Molded Rubber	4,676,569	2.21%
	AAR Cadillac Mfg.	Industrial Handling Equipment	3,995,520	1.89%
	Four Winns Boat Group	Boat Manufacturer	3,890,849	1.84%
	Paulstra CRC Corp.	Rubber By-Products Manufacturer	2,909,600	1.38%
	Total of Principal Taxpayers		\$ 74,399,650	35.16%
	Total of Remainder of Taxpayers		137,191,708	64.84%
	TOTAL TAXABLE VALUATION		\$ 211,591,358	100.00%
2002	CMI Cast Parts, Inc.	Ironworks	\$ 18,381,188	9.35%
	Cadillac Renewable Energy	Electric Utility	17,607,997	8.96%
	Avon Rubber & Plastics	Extruded & Molded Rubber	9,021,527	4.59%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	7,111,981	3.62%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	6,124,054	3.11%
	Michigan Rubber	Fabricated & Molded Rubber	4,898,039	2.49%
	AAR Cadillac Mfg.	Industrial Handling Equipment	4,026,660	2.05%
	Four Winns Boat Group	Boat Manufacturer	3,781,187	1.92%
	Transpro Group, Inc.	Manufacturer	3,443,851	1.75%
	Paulstra CRC Corp.	Rubber By-Products Manufacturer	3,182,706	1.62%
	Total of Principal Taxpayers		\$ 77,579,190	39.46%
	Total of Remainder of Taxpayers		119,036,220	60.54%
	TOTAL TAXABLE VALUATION		\$ 196,615,410	100.00%

The above value includes both real and personal of the: Advalorem roll; IFT's; and CFT's. The above does not reflect any changes by the Michigan Tax Tribunal or December Board of Review.

CITY OF CADILLAC, MICHIGANMISCELLANEOUS STATISTICAL DATAJUNE 30, 2003

DATE OF INCORPORATION	MARCH 9, 1877
PRESENT CHARTER ADOPTED	NOVEMBER 2, 1976
FORM OF GOVERNMENT	COUNCIL-MANAGER
AREA OF CITY	9 SQUARE MILES
MILES OF STREET	61.33 MILES PLUS 7 MILES OF STATE HIGHWAYS
NUMBER OF STREET LIGHTS	575

PUBLIC SAFETY:

	<u>POLICE</u>	<u>FIRE</u>
Number of Stations	1	1
Number of Employees - Full-Time	17.5	11.5
Number of Employees - Volunteers	18	19
Mobile Equipment	9	6

UTILITIES:

	<u>WATER</u>	<u>WASTEWATER</u>
Number of Customers	3,456	3,526
Gallons of Flow Per Year	803.9 Million Gal.	761.8 Million Gal.
Average Daily Flow	2.20 Million Gal./Day	2.09 Million Gal./Day
Miles of Mains	63 Miles	59 Miles
Employees	9	7

BUILDING PERMITS ISSUED

1995-2002 Average Permits Issued	269
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CITY EMPLOYEES

Full-Time	82
Part-Time	40

CITY OF CADILLAC, MICHIGANMISCELLANEOUS STATISTICAL DATAJUNE 30, 2003RECREATION AND CULTURE

Number of City Parks	4 (117 Acres)
Number of State Parks	1 (245.9 Acres)
Number of Libraries	1 (Approximately 70,000 Volumes)
City Completely Surrounds Lake Cadillac	1.9 Square Mile Lake (1,216 Acres)

EDUCATION

Elementary Schools	5
Middle Schools	2
High Schools	1
Parochial Schools	3
Community College	2
Vocational Technical School	1
Number of Personnel - C.A.P.S.	
Teachers	195
Administrative Staff	15
Wexford-Missaukee Intermediate School District	
Taxable Valuation	\$1,365,387,527
Public School Membership	10,818
Cadillac Area Public Schools	
Taxable Value	
Debt	\$542,960,817
Non-Homestead	\$268,904,838
Public School Membership (K-12)	3,323
Parochial Schools	
Membership	316

CITY OF CADILLAC, MICHIGAN

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

COMPARATIVE SCHEDULE

FOR THE FISCAL YEARS 1994-2003

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
1994	\$ 4,910,784	\$ 5,944,545	121.1%	\$ (1,033,761)
1995	5,258,827	6,363,345	121	(1,104,518)
1996	5,691,629	6,823,047	119.9	(1,131,417)
1997	5,788,268	7,322,452	127	(1,534,184)
1998	6,218,592	7,923,062	127.4	(1,704,470)
1999	6,744,595	8,840,153	131.1	(2,095,558)

TABLE 18

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
8.10		\$ 867,427	32	39	\$ 25,390	44.3	11.3
10.64	(2)	638,771	26				
4.22	(3)	79,897	4				
11.73	(4)	343,577	14				
8.17		875,392	32	41	26,103	43.6	11
10.7	(2)	558,461	23				
4.36	(3)	94,148	4				
11.89	(4)	354,688	14				
8.92	(5)	49,006	1				
8.44		674,557	26	41	27,460	44.3	11
10.67	(2)	631,548	25				
5.56	(3)	86,334	4				
11.9	(4)	373,707	14				
8.93	(5)	64,369	1				
8.94	(6)	201,537	4				
7.95		706,666	28	42	26,669	44	11
10	(2)	600,549	25				
5.41	(3)	106,036	4				
11.29	(4)	416,678	16				
8.23	(5)	66,162	1				
7.94	(6)	157,452	3				
8.03		740,444	25	45	29,392	43.8	10.7
9.97	(2)	630,344	24				
5.53	(3)	85,466	3				
11.23	(4)	423,784	16				
8.14	(5)	73,862	1				
7.90	(6)	162,341	3				
8.03		733,548	23	44	31,156	44.6	11
9.98	(2)	724,015	25				
5.56	(3)	123,639	4				
11.31	(4)	469,628	18				

CITY OF CADILLAC, MICHIGAN

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE

FOR THE FISCAL YEARS 1994-2003

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
2000	\$ 7,370,963	\$ 9,439,499	128.1	\$ (2,068,536)
2001	7,992,526	9,785,299	122.4	(1,792,773)
2002	8,358,393	9,712,366	116.2	(1,353,973)
2003	N/A	N/A	N/A	N/A

NOTES:

- (1) The retirement board has implemented a program of contribution credits which give recognition to accelerated funding levels. Recent economic trends have produced a combination of high rates of investment return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule. The retirement board believes that overly rapid funding rates are inconsistent with the basic financial objective of level percent of payroll contributions. The accelerated funding credit allows contributions to temporarily be lower than the regular contribution. The accelerated contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually 0%.

TABLE 18

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
8.14	(5)	\$ 80,674	1				
7.90	(6)	174,064	3				
7.22		831,695	27	45	\$ 30,921	43.4	10
6.43	(2)	682,151	24				
6.05	(3)	122,066	4				
7.98	(4)	523,126	19				
6.89	(5)	78,851	1				
6.84	(6)	173,952	3				
7.55		874,910	27	49	32,069	43.5	10.5
6.80	(2)	735,799	25				
8.20	(3)	126,638	4				
8.42	(4)	470,240	17				
6.51	(5)	83,075	1				
7.19	(6)	178,648	3				
7.59		873,693	26	45	32,734	44.3	11.1
6.83	(2)	747,685	25				
8.10	(3)	126,412	4				
8.43	(4)	502,884	18				
6.51	(5)	87,693	1				
7.19	(6)	182,115	3				
N/A		N/A		N/A	N/A	N/A	N/A

- (2) Local 14317 includes additional negotiated benefit for the union.
- (3) Separate benefits for Housing Commission.
- (4) Separate benefits for Library.
- (5) Separate benefits for City Manager.
- (6) Separate benefits for Department Heads.

CITY OF CADILLAC, MICHIGAN

POLICEMEN AND FIREMEN RETIREMENT SYSTEM (1)
COMPARATIVE SCHEDULE

FOR THE FISCAL YEARS 1994-2003

FISCAL YEARS		(2)	ASSETS ALLOCATED TO FUNDING	PERCENT FUNDED	UNFUNDED ACTUARIAL ACCRUED LIABILITY
		ACTUARIAL ACCRUED LIABILITY			
1994	(3)	\$ 3,949,644	\$ 3,260,350	82.6	\$ 689,294
1995		4,128,967	3,497,286	84.7	631,681
1996		4,530,631	3,789,087	83.6	741,544
1997	(4)	4,985,777	4,183,932	83.9	801,845
1998		5,021,702	4,721,444	94.0	300,258
1999		5,336,204	5,241,694	98.2	94,510
2000		5,600,202	5,724,442	102.2	(124,240)
2001		5,949,789	6,034,859	101.4	(85,070)
2002		6,958,880	6,041,096	86.8	917,784
2003		N/A	N/A	N/A	N/A

NOTES:

- (1) Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. The fund is managed by a local board of directors.
- (2) Data from Gabriel, Roeder, Smith and Co., Actuaries.
- (3) Actuarial methods revised.
- (4) Actuarial assumptions revised as a result of an experience study for the five-year period ending 6-30-97. Actuarial assumptions concerning rates of withdrawal, rates of retirement, rates of post-retirement mortality, investment return and wage inflation were all changed as a direct result of the study. The net effect was a decrease in the employer contribution rate of 2.1% of payroll.
- (5) Police 11.47%, Fire 12.91%
- (6) Police 12.73%, Fire 11.25%
- (6) Police 15.50%, Fire 17.44%

TABLE 19

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	AVERAGE ANNUAL PAY	AGE	SERVICE
19.18		\$ 1,002,299	27	19	\$ 37,122	38.4	11.1
18.56		1,065,487	28	18	38,053	38.5	11.0
17.92		1,135,240	29	18	39,146	39.1	11.6
15.87		1,197,184	30	19	39,906	39.2	11.8
14.3		1,188,026	29	20	40,966	39.7	12.2
13.11		1,274,419	29	21	43,945	39.8	11.6
11.99	(5)	1,347,171	29	21	46,454	40.8	12.6
12.19	(6)	1,406,654	29	21	48,505	41.8	13.6
16.41	(7)	1,352,466	28	24	48,302	41.4	12.5
N/A		N/A	N/A	N/A	N/A	N/A	N/A

CITY OF CADILLAC, MICHIGANLABOR AGREEMENTSJUNE 30, 2003

	DATE EFFECTIVE JULY 1,	EXPIRATION DATE JUNE 30,
<u>POLICE</u>		
Police Officers Association of Michigan (POAM)		
Local - Cadillac Police Officers Association (CPOA)	1999	2002
[Currently in Negotiations]		
<u>FIRE</u>		
International Association of Fire Fighters		
Local 704	2000	2003
<u>STREET DIVISION - DPW AND PUBLIC UTILITIES DEPARTMENT</u>		
United Steelworkers of America		
Local Union No. 14317	2001	2004

CITY OF CADILLAC, MICHIGANTAX INFORMATIONJUNE 30, 2003TAXES DUE ANDPAYABLE:

City and School taxes are due and payable July 1, and County and School taxes are due and payable December 1, at the office of the City Treasurer.

PENALTIES FORDELINQUENCY:

Beginning August 15, a 4% penalty is added to unpaid City and School taxes. Beginning September 1, an additional 1% per month is added through February. Beginning February 15, a 3% penalty is added to unpaid County and School taxes. Beginning March 1, the Wexford County Treasurer assumes collection of real property taxes. All delinquent personal property and delinquent industrial and commercial facilities taxes remain with the City Treasurer for collection.

LIEN ON PROPERTY:

Unpaid real property taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

Date of Sale May,	Delinquent Tax Properties to be Sold Year
1997	1994
1998	1995
1999	1996
2000	1997
2001	1998 and 1999
2002	2000
2003	2001

CITY OF CADILLAC, MICHIGANLARGEST EMPLOYERS AND NUMBER OF EMPLOYEESJUNE 30, 2003

<u>COMPANY</u>	<u>NUMBER OF FULL-TIME EMPLOYEES</u>	<u>TYPE OF BUSINESS</u>
<i>Principal Economic Base Employers (October 2003)</i>		
Avon Rubber & Plastics, Inc.	802	Extruded & Molded Rubber
Four Winns, Inc.	750	Boats & Cruisers
Michigan Rubber Products, Inc.	700	Fabricated & Molded Rubber
Mercy Hospital Cadillac	560	Health Care
Hayes Lemmerz Cadillac Operation	540	Castings & Malleable Iron
Cadillac Area Public Schools	450	Public Education
Rexair, Inc.	450	Household Vacuum Cleaners
AAR Mobility Systems	394	Industrial Handling Equipment
FIAMM Technologies, Inc.	240	Automotive & Marine Air Horns
Lakeview Lutheran Manor	220	Skilled Care Facility
Paulstra CRC Cadillac	190	Industrial Molded Rubber
BorgWarner Cooling Systems	183	Auto Parts and Accessories
Hope Network North Michigan (NOC)	121	Light Assembly

*Source: Cadillac Area Chamber of Commerce

TABLE 23

CITY OF CADILLAC, MICHIGANNUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	WATER SUPPLY CUSTOMERS		WASTEWATER TREATMENT CUSTOMERS	
	NUMBER	PERCENTAGE OF CHANGE	NUMBER	PERCENTAGE OF CHANGE
1994	3,210	1.40	3,323	0.00
1995	3,286	2.40	3,420	2.90
1996	3,322	1.10	3,445	0.70
1997	3,342	0.60	3,461	0.50
1998	3,375	1.00	3,477	0.50
1999	3,383	0.20	3,481	0.10
2000	3,408	0.74	3,499	0.52
2001	3,414	0.20	3,504	0.10
2002	3,407	(0.21)	3,493	(0.31)
2003	3,456	1.40	3,526	0.94

AVERAGE NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2003

METER CLASSIFICATION	AVERAGE CUSTOMERS	
	WATER SUPPLY	WASTEWATER TREATMENT
Unmetered	0	189
5/8"	3,150	3,083
3/4"	3	3
1"	117	100
1 1/2"	77	62
2"	80	65
3"	8	9
4"	15	12
6"	5	3
8"	1	0
TOTAL	<u>3,456</u>	<u>3,526</u>

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues.

CITY OF CADILLAC, MICHIGANMONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION
THROUGH FISCAL YEAR JUNE 30, 2003

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	\$1.65
1"	2.75
1 1/2"	5.45
2"	8.75
3"	19.05
4"	32.75
6"	68.3
8"	98.3
10"	158.45
12"	234.95

MONTHLY WATER SUPPLY READY-TO-SERVE CHARGE BY METER CLASSIFICATION
FISCAL YEARS ENDED JUNE 30, 1994 THOUGH 2003

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
1994	\$ 3.80	\$5.70	\$ 6.70	\$ 8.60	\$ 13.00	\$ 35.80	\$ 49.30	\$ 79.60	\$ 87.00
1995	3.95	5.95	7.00	9.00	13.50	37.25	51.25	82.80	90.50
1996	4.10	6.20	7.30	9.35	14.05	38.75	53.30	86.10	94.10
1997	4.22	6.39	7.52	9.63	14.47	39.91	54.90	88.68	96.92
1998	4.35	6.58	7.75	9.92	14.90	41.11	56.55	91.34	99.83
1999	4.48	6.78	7.98	10.22	15.35	42.34	58.25	94.08	102.83
2000	4.61	6.98	8.22	10.53	15.81	43.61	60.00	96.90	105.92
2001	4.00	6.01	10.02	20.04	32.06	70.13	120.23	250.47	360.68
2002	4.12	6.19	10.32	20.64	33.02	72.22	123.84	257.98	371.50
2003	4.25	6.40	10.65	21.25	34.00	74.40	127.55	265.70	382.65

CITY OF CADILLAC, MICHIGANMONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION
THROUGH FISCAL YEAR JUNE 30, 2003

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
1994	\$ 5.20	\$9.30	\$11.00	\$13.80	\$ 21.00	\$ 58.20	\$ 79.30	\$ 128.80	\$ 201.00
1995	6.45	9.70	11.45	14.35	21.85	60.50	82.50	133.95	209.00
1996	6.70	10.10	11.90	14.90	22.70	62.90	85.80	139.30	217.35
1997	6.90	10.40	12.26	15.35	23.38	64.79	88.37	143.48	223.87
1998	7.10	10.71	12.63	15.81	24.08	66.73	91.02	147.78	230.59
1999	7.31	11.03	13.01	16.28	24.80	68.73	93.75	152.21	237.51
2000	7.53	11.36	13.40	16.77	25.54	70.79	96.56	156.78	244.64
2001	6.60	9.90	16.50	33.00	52.80	115.50	198.00	412.50	594.00
2002	6.80	10.20	17.00	34.00	54.38	118.97	203.94	424.88	611.82
2003	7.00	10.50	17.50	35.00	56.00	122.55	210.05	437.60	630.20

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues.

TABLE 25

CITY OF CADILLAC, MICHIGAN

FIFTEEN LARGEST WATER AND SEWER USERS
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

	<u>CUBIC FEET</u>		<u>GALLONS</u>		<u>DOLLARS</u>
	<u>WATER</u>	<u>SEWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>WATER AND SEWER</u>
1) Hayes Lemmerz International	16,183,900	13,776,239	121,055,572	103,046,268	\$ 311,881
2) Avon Rubber and Plastics, Inc.	14,123,100	13,956,785	105,640,788	104,396,752	310,498
3) Paulstra CRC	586,900	4,298,200	4,390,012	32,150,536	95,107
4) AAR Cadillac Manufacturing	5,818,400	3,006,168	43,521,632	22,486,137	92,987
5) Mercy Hospital	1,691,500	1,691,500	12,652,420	12,652,420	50,878
6) Country Acres	1,941,700	1,941,700	14,523,916	14,523,916	35,646
7) Cadillac Renewable Energy	0	1,429,642	0	10,693,722	29,742
8) Pheasant Ridge	1,312,500	1,312,500	9,817,500	9,817,500	25,805
9) Four Winns	768,200	768,200	5,746,136	5,746,136	23,479
10) Michigan Rubber Products	896,400	896,400	6,705,072	6,705,072	22,687
11) Leisure Park	958,900	958,900	7,172,572	7,172,572	22,155
12) Lakeshore Linen	782,000	782,000	5,849,360	5,849,360	21,917
13) Borg-Warner	639,200	639,200	4,781,216	4,781,216	16,791
14) Body Cote Thermal	416,000	416,000	3,111,680	3,111,680	9,907
15) Rexair, Inc.	172,200	172,200	1,288,056	1,288,056	8,024
TOTAL					<u>\$ 1,077,504</u>

MONTHLY WATER SUPPLY COMMODITY CHARGE
FISCAL YEARS ENDED OR ENDING JUNE 30, 1994 THROUGH 2003

<u>FISCAL YEAR</u> <u>ENDED OR</u> <u>ENDING JUNE 30,</u>	<u>0 TO</u> <u>600 CF</u>	<u>600 TO</u> <u>10,000 CF</u>	<u>10,000 TO</u> <u>100,000 CF</u>	<u>100,000 TO</u> <u>250,000 CF</u>	<u>OVER</u> <u>250,000 CF</u>
1994	\$ 0.58	\$ 0.74	\$ 0.51	\$ 0.40	\$ 0.34
1995	0.60	0.74	0.53	0.42	0.35
1996	0.62	0.78	0.55	0.44	0.37
1997	0.64	0.79	0.57	0.46	0.39
1998	0.66	0.80	0.57	0.48	0.41
1999	0.68	0.82	0.61	0.50	0.43
2000	0.70	0.84	0.63	0.52	0.45
2001	0.84	0.74	0.65	0.55	0.46
2002	0.87	0.76	0.67	0.57	0.48
2003	0.90	0.78	0.69	0.59	0.50
2004	0.93	0.80	0.71	0.61	0.52

TABLE 26CITY OF CADILLAC, MICHIGANMONTHLY WASTEWATER TREATMENT COMMODITY CHARGE
FISCAL YEARS ENDED OR ENDING JUNE 30, 1994 THROUGH 2003

<u>FISCAL YEAR ENDED OR ENDING JUNE 30,</u>	<u>CHARGE PER 100 CF</u>	<u>PERCENT CHANGE</u>
1994	\$ 1.23	2.9
1995	1.28	4.1
1996	1.33	3.9
1997	1.37	3.0
1998	1.41	3.0
1999	1.45	3.0
2000	1.49	3.0
2001	1.52	2.0
2002	1.57	3.3
2003	1.62	3.2

Data furnished in compliance with securities and exchange commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues.

CITY OF CADILLAC, MICHIGAN
WATER SUPPLY AND WASTEWATER TREATMENT VOLUME AS PUMPED
FISCAL YEARS 1994 THROUGH 2003

FISCAL YEAR	WATER SUPPLY VOLUME AS PUMPED			WASTEWATER TREATMENT VOLUME AS PUMPED			WASTEWATER TREATMENT AS A PERCENT OF WATER SUPPLY
	CUBIC FEET	GALLONS	CHANGE IN PERCENT	CUBIC FEET	GALLONS	CHANGE IN PERCENT	
1994	128,850,267	963,799,997	15.01	93,850,267	701,999,997	7.50	72.8
1995	129,545,456	969,000,011	0.50	95,989,305	718,000,001	2.30	74.1
1996	126,724,600	947,900,008	(2.20)	97,767,000	731,297,160	1.90	77.1
1997	128,649,700	962,300,000	1.50	121,911,800	911,900,000	24.70	94.7
1998	113,222,000	846,900,000	(12.00)	108,570,000	812,100,000	(10.90)	95.9
1999	112,150,000	838,900,000	(0.90)	98,940,000	740,100,000	(8.90)	88.2
2000	117,928,000	882,100,000	5.10	108,663,000	812,800,000	9.80	78.6
2001	114,643,000	857,528,000	(2.80)	110,280,000	824,893,000	1.50	96.2
2002	104,011,000	778,000,000	(9.30)	108,877,000	814,400,000	1.30	104.7
2003	107,473,262	803,900,000	0.03	101,844,920	761,800,000	(0.06)	94.76

WATER SUPPLY AND WASTEWATER TREATMENT VOLUME BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2003

METER CLASSIFICATION	WATER SUPPLY VOLUME AS BILLED		PERCENT OF TOTAL	WASTEWATER TREATMENT VOLUME AS BILLED		PERCENT OF TOTAL
	CUBIC FEET			CUBIC FEET		
Unmetered	0			Unknown		
5/8"	31,613,732		33.00	30,371,530		34.05
3/4"	57,300		0.06	57,300		0.06
1"	4,281,601		4.47	3,439,790		3.86
1 1/2"	3,078,098		3.21	2,087,298		2.34
2"	17,785,600		18.57	22,663,272		25.41
3"	3,817,200		3.99	4,137,200		4.64
4"	14,919,300		15.58	10,619,176		11.91
6"	18,776,500		19.60	15,815,029		17.73
8"	1,455,900		1.52	0		0.00
TOTAL	95,785,231		100.00	89,190,595		100.00

CITY OF CADILLAC, MICHIGANWATER SUPPLY AND WASTEWATER TREATMENT REVENUE
AS BILLED BY METER CLASSIFICATIONFISCAL YEAR ENDED JUNE 30, 2003

<u>METER CLASSIFICATION</u>	<u>WATER SUPPLY</u>		<u>WASTEWATER TREATMENT</u>	
	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>
Unmetered				
5/8"	\$ 421,779	44.61	\$ 42,431	2.37
3/4"	686	0.07	673,996	37.60
1"	48,296	5.11	1,107	0.06
1 1/2"	42,072	4.45	76,069	4.24
2"	152,272	16.10	58,425	3.26
3"	33,602	3.55	397,150	22.16
4"	114,263	12.09	69,032	3.85
6"	118,330	12.52	202,278	11.29
8"	14,144	1.50	271,957	15.17
TOTAL	<u>\$ 945,444</u>	<u>100.00</u>	<u>\$ 1,792,445</u>	<u>100.00</u>

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues.



M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 11, 2003

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
City of Cadillac, Michigan

We have audited the general purpose financial statements of the City of Cadillac, Michigan as of and for the year ended June 30, 2003, and have issued our report thereon dated September 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Cadillac's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cadillac's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 11, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
City of Cadillac, Michigan

We have audited the compliance of the City of Cadillac, Michigan with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The City of Cadillac's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Cadillac's management. Our responsibility is to express an opinion on the City of Cadillac's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cadillac's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Cadillac's compliance with those requirements.

In our opinion, the City of Cadillac complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of Cadillac is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cadillac's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CITY OF CADILLAC, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. Department of Commerce			
Federal Economic Development Administration			
Direct Program			
Public Works and Development Facilities	11.300	06-01-03009-01	\$ 434,952
Total Direct Programs			\$ 434,952
Total U.S. Department of Commerce			\$ 434,952
U.S. Department of Justice			
Office of Justice Programs, Bureau of Justice Assistance			
Pass-through Program from:			
Michigan Department of Community Health			
Byrne Formula Grant Program	16.579	70585-2K00	\$ 5,513
Total Pass-through Programs			\$ 5,513
Total U.S. Department of Justice			\$ 5,513
U.S. Department of Transportation			
Federal Highway Administration			
Pass-through Program from:			
Michigan Department of Transportation			
Clam River Greenway	20.205	02-5068	\$ 124,257
Major Street Construction	20.205	02-5102	438,609
White Pine Trail	20.205	ENH199800002	25,781
Michigan Department of Natural Resources			
White Pine Trail	20.219	RTO 2002-02	58,506
Total Pass-through Programs			\$ 647,153
Total U.S. Department of Transportation			\$ 647,153

CITY OF CADILLAC, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development			
Community Planning and Development			
Pass-through Program from:			
Michigan Housing Development Authority			
Rental Housing Rehabilitation Grant	14.228	MSC-2002-546-MDC	\$ 1,959
Michigan Economic Development Corporation			
Downtown Gateway Grant	14.228	MSC-202001-EDIG	<u>149,740</u>
Total Pass-through Programs			<u>\$ 151,699</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 151,699</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,239,317</u></u>

See accompanying notes to Schedule of Expenditure of Federal Awards

CITY OF CADILLAC, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cadillac, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF CADILLAC, MICHIGAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2003

There were no prior audit findings.

CITY OF CADILLAC, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

Summary of Auditors' Findings

1. The auditors' report expresses an unqualified opinion on the general-purpose financial statements of the City of Cadillac, Michigan.
2. There were no reportable conditions disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Cadillac, Michigan, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal control over the major federal award program.
5. The auditors' report on compliance for the major federal award program of the City of Cadillac, Michigan expresses an unqualified opinion on the major federal program.
6. There are no audit findings relative to the major federal award program for the City of Cadillac, Michigan.
7. The programs tested as major programs were Public Works and Development Facilities, CFDA No. 11.300 and Highway Planning and Construction CFDA No. 20.205.
8. The threshold used to distinguish between a Type A and B program was \$300,000.
9. The City of Cadillac, Michigan, qualifies as a low-risk auditee.

Findings - Financial Statement Audit

1. There were no findings relative to the financial statement audit.

Findings and Questioned Costs - Major Federal Award Program Audit

1. There were no findings relative to the major federal award program audit.

CITY OF CADILLAC MICHIGAN



Mission Statement

The City of Cadillac is built upon the premise that its Citizens deserve to be treated with respect and honesty at all times. Because this is true, we promise to prioritize and deliver quality public services that are efficient and cost effective; doing so in a way that provides for the utmost in public peace, health, safety, and quality of life. The City of Cadillac will deliberately work to ensure that those in your service will act with the highest levels of personal and professional integrity.

CITY OF
CADILLAC
MICHIGAN

